

HEARING ON BLACKWATER USA

Tuesday, October 2, 2007

House of Representatives,

Committee on Oversight and

Government Reform,

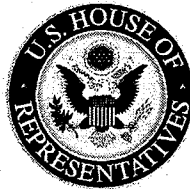
Washington, D.C.

"This is a preliminary transcript of a Committee Hearing. It has not yet been subject to a review process to ensure that the statements within are appropriately attributed to the witness or member of Congress who made them, to determine whether there are any inconsistencies between the statements within and what was actually said at the proceeding, or to make any other corrections to ensure the accuracy of the record."

Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES



OFFICE OF THE CLERK
Office of Official Reporters

1 | Court Reporting Services, Inc.

2 | HGO275000

3 | HEARING ON BLACKWATER USA

4 | Tuesday, October 2, 2007

5 | House of Representatives,

6 | Committee on Oversight and

7 | Government Reform,

8 | Washington, D.C.

9 | The committee met, pursuant to call, at 10:12 a.m., in
10 | Room 2154, Rayburn House Office Building, the Honorable Henry
11 | A. Waxman [chairman of the committee] presiding.

12 | Present: Representatives Waxman, Davis of Virginia,
13 | Maloney, Cummings, Kucinich, Davis of Illinois, Tierney,
14 | Clay, Watson, Lynch, Yarmuth, Braley, Norton, McCollum,
15 | Cooper, Van Hollen, Hodes, Murphy, Sarbanes, Welch, Burton,
16 | Shays, Mica, Platts, Duncan, Turner, Issa, Westmoreland,
17 | McHenry, Foxx, Bilbray and Jordan.

18 | Also Present: Representative Schakowsky.

19 | Staff Present: Phil Schiliro, Chief of Staff; Phil
20 | Barnett, Staff Director and Chief Counsel; Kristen Amerling,

21 | General Counsel; Karen Lightfoot, Communications Director and
22 | Senior Policy Advisor; David Rapallo, Chief Investigative
23 | Counsel; John Williams, Deputy Chief Investigative Counsel;
24 | Theo Chuang, Deputy Chief Investigative Counsel; Christopher
25 | Davis, Professional Staff Member; Daniel Davis, Professional
26 | Staff Member; Earley Green, Chief Clerk; Teresa Coufal,
27 | Deputy Clerk; Matt Siegler, Special Assistant; Caren Auchman,
28 | Press Assistant; Zhongrui J.R. Deng, Chief Information
29 | Officer; Leneal Scott, Information Systems Manager; Kerry
30 | Gutknecht, Staff Assistant; William Ragland, Staff Assistant;
31 | Miriam Edelman, Staff Assistant; Russell Anello, Counsel;
32 | David Marin, Minority Staff Director; Larry Halloran,
33 | Minority Deputy Staff Director; Jennifer Safavian, Minority
34 | Chief Counsel for Oversight and Investigations; Keith
35 | Ausbrook, Minority General Counsel; John Brosnan, Minority
36 | Senior Procurement Counsel; Steve Castor, Minority Counsel;
37 | A. Brooke Bennett, Minority Counsel; Ashley Callen, Minority
38 | Counsel; Emile Monette, Minority Counsel; Allyson Blandford,
39 | Minority Professional Staff Member; Nick Palarino, Minority
40 | Senior Investigator and Policy Advisor; Larry Brady; Minority
41 | Senior Investigator and Policy Advisor; Patrick Lyden,
42 | Minority Parliamentarian and Member Services Coordinator;
43 | Brian McNicoll, Minority Communications Director; and
44 | Benjamin Chance, Minority Clerk.

45 Chairman WAXMAN. The meeting of the Committee will come
46 to order.

47 Over the past 25 years, a sophisticated campaign has
48 been waged to privatize Government services. The theory is
49 that corporations can deliver Government services better and
50 at a lower cost than the Government. Over the last six
51 years, this theory has been put into practice.

52 The result is that privatization has exploded. For
53 every taxpayer dollar spent on Federal programs, over 40
54 cents now goes to private contractors. Our Government now
55 outsources even the oversight of the outsourcing.

56 At home, core Government functions like tax collection
57 and emergency response have been contracted out. Abroad,
58 companies like Halliburton and Blackwater have made millions
59 performing tasks that used to be done by our Nation's
60 military forces.

61 What has been missing is a serious evaluation of whether
62 the promises of privatizing are actually realized. Inside
63 our Government, it has been an article of faith that
64 outsourcing is best.

65 Today, we are going to examine the impact of
66 privatization on our military forces. We will focus on a
67 specific example, the outsourcing of military functions to
68 Blackwater, a private military contractor providing
69 protective services to U.S. officials in Iraq.

70 We will seek to answer basic questions. Is Blackwater,
71 a private military contractor, helping or hurting our efforts
72 in Iraq? Is the Government doing enough to hold Blackwater
73 accountable for alleged misconduct? What are the costs to
74 the Federal taxpayers?

75 I want to thank Erik Prince, Blackwater's founder and
76 CEO, for his cooperation in this hearing. As a general rule,
77 children from wealthy and politically connected families no
78 longer serve in the military. Mr. Prince is an exception.
79 He enlisted in the Navy in 1992 and joined the Navy SEALs in
80 1993, where he served for four years.

81 We thank you for that service.

82 In 1997, he saw an opportunity to start his own company
83 and created Blackwater. He has said, "We are trying to do
84 for the national security apparatus what FedEx did for the
85 Postal Service."

86 There may be no Federal contractor in America that has
87 grown more rapidly than Blackwater over the last seven years.
88 In 2000, Blackwater had just \$204,000 in Government
89 contracts. Since then, it has received over a billion dollars
90 in Federal contracts. More than half of these contracts were
91 awarded without full and open competition.

92 Privatizing is working exceptionally well for
93 Blackwater. The question for this hearing is whether
94 outsourcing to Blackwater is a good deal for the American

95 taxpayer, whether it is a good deal for the military and
96 whether it is serving our national interest in Iraq.

97 The first part of that question is cost. We know that
98 sergeants in the military generally cost the Government
99 between \$50,000 to \$70,000 per year. We also know that a
100 comparable position at Blackwater costs the Federal
101 Government over \$400,000, six times as much.

102 Defense Secretary Gates testified about this problem
103 last week. He said, Blackwater charges the Government so
104 much that it can lure highly trained soldiers out of our
105 forces to work for them. He is now taking the unprecedented
106 step of considering whether to ask our troops to sign a
107 non-compete agreement to prevent the U.S. Military from
108 becoming a taxpayer-funded training program for private
109 contractors.

110 There are also serious questions about Blackwater's
111 performance. The September 16th shooting that killed at
112 least 11 Iraqis is just the latest in a series of troubling
113 Blackwater incidents.

114 Earlier this year, our Committee examined the company's
115 mistakes in Fallujah where four contractors were killed and
116 their bodies burned. That incident triggered a major battle
117 in the Iraq War.

118 New documents indicate that there have been a total of
119 195 shooting incidents involving Blackwater forces since

120 | 2005. Blackwater's contract says the company is hired to
121 | provide defensive services, but in most of these incidents it
122 | was Blackwater forces who fired first. We have also learned
123 | that 122 Blackwater employees, one seventh of the company's
124 | current workforce in Iraq, have been terminated for improper
125 | conduct.

126 | We have the best troops in the world. The men and women
127 | in our Armed Forces are extraordinarily able and dedicated.
128 | Their pay does not reflect their value, but they don't
129 | complain. So I have a high bar when I ask whether Blackwater
130 | and other private military contractors can meet the
131 | performance standards of our soldiers.

132 | In recent days, military leaders have said that
133 | Blackwater's missteps in Iraq are going to hurt us badly.
134 | One senior U.S. Military official said Blackwater's actions
135 | are creating resentment among Iraqis that ''may be worse than
136 | Abu Ghraib.'' If these observations are true, they mean that
137 | our reliance on a private military contractor is backfiring.

138 | The Committee's investigation raises as many questions
139 | about the State Department's oversight of Blackwater as it
140 | does about Blackwater itself.

141 | On December 24th, 2006, a drunken Blackwater contractor
142 | shot the guard of the Iraqi Vice President. This didn't
143 | happen out on a mission protecting diplomats. It occurred
144 | inside the protected Green Zone.

145 If this had happened in the United States, the
146 contractor would have been arrested and a criminal
147 investigation launched. If a drunken U.S. soldier had killed
148 an Iraqi guard, the soldier would have faced a court martial,
149 but all that has happened to the Blackwater contractor is
150 that he has lost his job.

151 The State Department advised Blackwater how much to pay
152 the family to make the problem go away and then allowed the
153 contractor to leave Iraq just 36 hours after the shooting.
154 Incredibly, internal emails document a debate over the size
155 of the payment. The charge d'affaires recommended a \$250,000
156 payment, but this was cut to \$15,000 because the Diplomatic
157 Security Service said Iraqis would try to get themselves
158 killed for such a large payout.

159 Well, it is hard to read these emails and not come to
160 the conclusion that the State Department is acting as
161 Blackwater's enabler.

162 If Blackwater and other companies are really providing
163 better service at a lower cost, the experiment of privatizing
164 is working. But if the costs are higher and performance is
165 worse, then I don't understand why we are doing this. It
166 makes no sense to pay more for less. We will examine this
167 issue today and facts, not ideology, need to guide us here.

168 Yesterday, the FBI announced that it launched a criminal
169 investigation into Blackwater's actions on September 16th.

170 | This morning, the Justice Department sent a letter to the
171 | Committee asking that in light of this development the
172 | Committee not take testimony at this time about the events of
173 | September 16th.

174 | Our precedent on this Committee is that Congress has an
175 | independent right to this information but, in this case,
176 | Ranking Member Davis and I have conferred and we have agreed
177 | to postpone any public discussion of this issue as we work
178 | with the Department to obtain the information that the
179 | Committee lacks. For the same reason, at the request of the
180 | Justice Department, I will ask our witness, Mr. Prince, and
181 | our State Department witnesses on the second panel not to
182 | discuss the September 16th incident in this public setting
183 | today.

184 | The last point I want to make is directed to the
185 | families of the Blackwater employees killed in Fallujah and
186 | the families of the soldiers killed in a tragic and
187 | unnecessary accident with Blackwater Airline, some of whom
188 | are here today.

189 | I know many of you believe that Blackwater has been
190 | unaccountable to anyone in our Government. I want you to
191 | know that Blackwater will be accountable today.

192 | We will be asking some tough questions about disturbing
193 | actions, and I also want to assure Mr. Prince that we will be
194 | fair and we will not tolerate any demonstrations or

195 | disturbances from anyone attending this hearing.

196 | Thank you, and I am looking forward to Mr. Prince's
197 | testimony.

198 | I want to recognize the Ranking Member, Mr. Davis.

199 | [Prepared statement of Chairman Waxman follows:]

200 | ***** COMMITTEE INSERT *****

201 | Mr. DAVIS OF VIRGINIA. Thank you, Mr. Waxman.

202 | Security contractors have been working at U.S.
203 | diplomatic posts for more than 20 years, but their extensive
204 | use in the midst of ongoing military conflict raises
205 | important new questions about the ability of Government
206 | acquisition officials to manage and oversee those contracts,
207 | the vetting and training of security personnel, and how best
208 | to control and coordinate private security firms in a
209 | complex, highly dangerous battle space.

210 | Contracts for the use of force in war also pose
211 | legitimate questions about the propriety of hiring private
212 | firms to perform such a public, some would say inherently
213 | governmental, function. But those complex questions won't be
214 | addressed responsibly by fixating on the operations of any
215 | one company nor are we likely to learn much by focusing on
216 | one sensational incident still under investigation.

217 | So we appreciate Chairman Waxman agreeing to add
218 | testimony from State Department witnesses today. They will
219 | discuss overall management of the competitively awarded
220 | worldwide personnel protective services contract under which
221 | Blackwater and two other firms provide security services in
222 | Iraq.

223 | We take the Chairman at his word, there will be
224 | additional hearings to examine the broader range of important
225 | oversight issues implicated in the use of security

226 | contractors in hostile environments.

227 | Contractor personnel working in support of diplomatic
228 | and military activities abroad have become an inescapable
229 | fact of modern life. Today, they provide everything from
230 | logistics and engineering services to food preparation,
231 | laundry, housing, construction and, of course, security.
232 | They offer invaluable surge capacity and contingent
233 | capabilities Federal agencies can't afford to keep in-house.

234 | By some estimates, the number of private contractors now
235 | exceeds the total U.S. Military personnel in Iraq, but the
236 | presence of so many foreigners, particularly so many with
237 | guns, offends some Iraqis and gives others a pretext to
238 | incite mistrust and violence. To paraphrase the title of one
239 | recent study of the phenomena, Iraqis fear they can't live
240 | with private security contractors. U.S. personnel believe
241 | they can't live without them.

242 | So it is critical the Departments of State and Defense
243 | get it right when they contract for sensitive security
244 | services in someone else's sovereign territory.

245 | However, you define success in Iraq, from stay the
246 | course to immediate withdrawal and every scenario in between,
247 | security contractors are going to play an integral part. The
248 | inevitable redeployment of U.S. Military units out of the
249 | current urban battle space will only increase the need for
250 | well trained and well managed private security forces to fill

251 | that vacuum and protect diplomatic and reconstruction
252 | efforts.

253 | As the lead editorial of this morning's Washington Post
254 | concluded, it is foolish to propose the elimination of
255 | private security firms in Iraq and Afghanistan, at least in
256 | the short term.

257 | Contract documents and incident reports reviewed by the
258 | Committee suggest the State Department is trying to get it
259 | right. There is clear evidence of proactive management and
260 | oversight of security contractors in Iraq.

261 | The State Department requires specific qualifications
262 | and rigorous ongoing training for all contract security
263 | personnel, including extensive prior security experience and
264 | firearms proficiency. Those hired must also undergo
265 | background investigations and qualify for a security
266 | clearance, and the contract contains carefully crafted
267 | comprehensive provisions on standards of conduct for security
268 | personnel, strict rules for the use of any type of force and
269 | extensive reporting requirements when any incident occurs.

270 | But State Department oversight of security contractors
271 | seems to have some blind spots as well. There is little
272 | aggregate or comparative data on contractor performance, so
273 | it is impossible to know if one company's rate of
274 | weapon-related incidents is the product of a dangerous cowboy
275 | culture or the predictable result of conducting higher risk

276 | missions.

277 | Incidents of erratic and dangerous behavior by security
278 | personnel from all the companies involved, not just
279 | Blackwater, are handled with little or no regard to Iraqi
280 | law. Usually, the bad actor is simply whisked out of the
281 | country, whether the offense is a civilian casualty,
282 | negligent discharge of a weapon, alcohol or drug abuse, or
283 | destruction of property. To date, there has not been a
284 | single successful prosecution of a security provider in Iraq
285 | for criminal misconduct.

286 | Iraqis understandably resent our preaching about the
287 | rule of law when so visible an element of the U.S. presence
288 | there appears to be above the law. That is why the events of
289 | September 16th sparked such an outcry by the Iraqi government
290 | which sees unpunished assaults on civilians as a threat to
291 | national sovereignty.

292 | The incident is also being used by those seeking to
293 | exploit accumulated resentments and draw attacks on private
294 | contractors, a force even the Iraqi government concedes is
295 | still a vital layer of security.

296 | Given that volatile environment, we should take care not
297 | to prejudge the ongoing investigations into events of that
298 | day.

299 | Published eyewitness statements provide very
300 | contradictory accounts, but this much we know: Standard

301 | operating procedures for personnel security details dictate
302 | getting protected persons in U.S. vehicles away from an
303 | incident as quickly as possible. No one stays to secure the
304 | scene or to help frightened civilians. That is not their
305 | job.

306 | So we may never know who or how many shot first. In the
307 | time it takes to hide an AK-47, murderous insurgents and
308 | corrupt Iraqi police can be transformed into martyred
309 | civilians.

310 | We need to look at the proper role of security
311 | contractors in a war zone, not through the clouded lens of
312 | one company or one certain incident but with a clear eye and
313 | objective view of what best serves the interest of U.S.
314 | personnel in theater and U.S. taxpayers at home.

315 | I look forward to that discussion.

316 | [Prepared statement of Mr. Davis of Virginia follows:]

317 | ***** COMMITTEE INSERT *****

318 Chairman WAXMAN. Thank you very much, Mr. Davis.

319 While the rules do not provide opening statements for
320 all members at a hearing, Mr. Davis and I have consulted
321 about this, and I would like to ask unanimous consent that we
322 have four members on each side designated by the Chairman and
323 the Ranking Member to be permitted to give a two minute
324 statement.

325 When we begin the questioning, we will begin with 10
326 minutes controlled by the Chairman and 10 minutes controlled
327 by the Ranking Member.

328 I would further like to ask unanimous consent that Jan
329 Schakowsky, who is not a member of this Committee, be
330 permitted to join us at this hearing today. Is there any
331 objection to this unanimous consent request?

332 If not, that will be the order.

333 I would like to now call on for two minutes, it would be
334 Mr. Tierney for his statement.

335 Mr. TIERNEY. Thank you, Mr. Chairman.

336 Mr. Chairman, the fundamental question here ought to be
337 whether or not it makes sense to contract out in the first
338 place. We really need to evaluate our use of private
339 military contractors to determine what roles are appropriate
340 or not for private firms and what must be kept in control of
341 those in uniform or those in public service.

342 The all-voluntary professional force after the Vietnam

343 War employed the so-called Abrams Doctrine. The idea was
344 that we wouldn't go to war without the sufficient backing of
345 the Nation.

346 Outsourcing has circumvented this doctrine. It allows
347 the Administration to almost double the force size without
348 any political price being paid. We have too few regular
349 troops and if we admitted that and tried to put in more, the
350 Administration would have to admit it was wrong in the way it
351 prosecuted this war originally. It would have to recognize
352 the impact on drawing forces out of Afghanistan.

353 If we call up even more National Guards or Reservists,
354 then it would cause even more of a protest among the people
355 in this Country that are already not sold on the Iraq
356 venture. If we relied more on our allies, they would have to
357 share the power, share the decision-making and share the
358 contract work. So private contractors have allowed,
359 essentially, this Administration to add additional forces
360 without paying any political capital.

361 Very little conversation goes into the number of people
362 dedicated to their jobs in the private sector that are being
363 killed or injured on a regular basis. Figures by one account
364 are some nine individuals a week losing their lives in the
365 service of private contracting that are not counted in the
366 figures of casualties reported to the American people.

367 Outsourcing, as you indicated, Mr. Chairman, seems to

368 | increase the costs, not decrease the costs, and I hope we get
369 | into the numbers on that as the hearing goes on. It seems to
370 | be harming the very counterinsurgency effort that General
371 | Petraeus seems to want to implement, and we have far too few
372 | Government managers to oversee the situation.

373 | We need more accountability. We need to clarify and
374 | update our laws. We need to restore the Government's ability
375 | to manage any such contracts. We need to punish corporations
376 | that commit fraud or undermine our security. Basically, we
377 | need to reconsider which jobs should be private and which
378 | jobs should remain in the public sector.

379 | Thank you, Mr. Chairman.

380 | [Prepared statement of Mr. Tierney follows:]

381 | ***** COMMITTEE INSERT *****

382 Chairman WAXMAN. Thank you, Mr. Tierney.

383 The Chair would like to now recognize Mr. McHenry for
384 two minutes.

385 Mr. MCHENRY. Thank you, Mr. Chairman.

386 While we are the investigative Committee of Congress, I
387 believe it is irresponsible, when an ongoing investigation in
388 the Executive Branch is trying to establish the facts of the
389 September 16th event, that we call before this Committee,
390 contractors involved with that. Establishing those facts are
391 included in those two ongoing investigations, and I believe
392 it is irresponsible for us to convict before the Executive
393 Branch has first established the facts of what did occur with
394 the Blackwater incident in Baghdad.

395 Blackwater has protected dozens, if not hundreds, of
396 members of Congress including myself and members of this
397 Committee when they travel to Afghanistan and Iraq. I, for
398 one, am grateful for their service. Not one single member of
399 Congress has been injured nor killed under Blackwater
400 protection, and for that I am grateful.

401 Let me clear. We should not speculate on the actions of
402 the men on September 16th. Those facts are not yet
403 established. We need to get the facts on the record on these
404 contradicting reports that are coming from media sources.

405 Much is not clear. We have conflicting media reports
406 written by reporters who were not present for the events. We

407 do not yet have an authoritative report from the Executive
408 Branch based on eyewitness accounts.

409 Today, we should be reviewing the rules of contracting,
410 investigating whether companies are following the rules, the
411 legal ramifications and whether the system of contracting
412 should be modified and improved. These are the issues that
413 we should be dealing with today.

414 Patience is a virtue when it comes to investigating
415 something as serious as the loss of human life. We all abhor
416 the loss of any human life. Justice must be served.

417 With thousands of soldiers, diplomats and contractors
418 risking their lives in such a dangerous region of the world,
419 we should exercise patience in this process and allow the
420 ongoing investigations to come to a conclusion and establish
421 clear facts before we complicate this process with a kneejerk
422 Congressional hearing. Let's deal in solid facts, not simply
423 follow the front page stories and the dictates of trial
424 lawyers which this Committee, it appears, has done over the
425 last nine months.

426 Chairman WAXMAN. The gentleman's time has expired.

427 Mr. MCHENRY. Again, contracting is the liberal cause du
428 jour, and we should move past that and ensure we have proper
429 Government service.

430 Thank you.

431 [Prepared statement of Mr. McHenry follows:]

432 ***** COMMITTEE INSERT *****

433 Chairman WAXMAN. Mrs. Maloney, you are recognized for
434 two minutes.

435 Mrs. MALONEY. Thank you, Chairman Waxman and Ranking
436 Member Davis for holding today's hearing to examine the heavy
437 reliance upon private security contractors in Iraq and
438 Afghanistan.

439 There have been troubling reports about incidents
440 involving Blackwater where Iraqi civilians have been killed,
441 and there have been many, many troubling reports.

442 Today, we are basically going to examine the
443 privatization of the military. What are the costs and what
444 are the consequences of privatizing our military?

445 Blackwater guards are highly trained and, in some cases,
446 have been brave, yet they make six times more than our own
447 military. Coming from a military family where my father
448 served in World War II and my brother in Vietnam, I do not
449 believe that the Blackwater guards are any more brave or more
450 committed or more disciplined or more effective than the
451 American Armed Services.

452 So our basic question--mine is today--is why are we
453 using this service, contracting out, privatizing our military
454 to an organization that has been aggressive and, I would say
455 in some cases, reckless in the handling of their duties?

456 There are many questions we have on accountability and
457 basically why are we doing this. We were told that we were

458 going to contract out these security services to save the
459 Government money, but in fact it is costing significantly
460 more to pay Blackwater than it would for our own military to
461 perform these duties, and their actions have really
462 undermined our effectiveness in Iraq.

463 Thank you.

464 [Prepared statement of Mrs. Maloney follows:]

465 ***** COMMITTEE INSERT *****

466 Chairman WAXMAN. Time has expired.

467 Mr. Burton, you are recognized for two minutes.

468 Mr. BURTON. Thank you, Mr. Chairman.

469 I have no objection to this kind of a hearing. What
470 really concerns me is that there appears to be a rush to
471 judgment, and I don't think that should happen. It is going
472 to be thoroughly investigated in Iraq by Iraqis and American
473 officials. Until we get that, we won't know exactly what
474 happened or who might have made a mistake or who might have
475 done something they shouldn't have done.

476 While the hearing here is okay, I hope everybody,
477 including the media, will know that this is not the final
478 report on this. There is going to be a complete
479 investigation.

480 I would like to give you a few facts. There have been
481 3,073 missions in the last 9 months over there by private
482 contractors. There were 77 involving them using weapons.

483 There have been 54,000 recorded attacks, 6,000 a month,
484 and there have been a lot of these contractors who have lost
485 their lives. Since 2004, there have been 42 security
486 contractors killed and 76 have been wounded.

487 This is a time when we should reevaluate or evaluate the
488 procedures that are being used over there. If we find, after
489 the investigation, there have been errors in judgment or
490 somebody made a downright conscious mistake, then things need

491 | to be changed.

492 | I would just like to say one more time, it is important
493 | to have these hearings. Congress needs to know what went on
494 | over there, but there should not be a rush to judgment.

495 | I would like to say one other thing. There has not been
496 | one Congressman or one public official that has been killed
497 | while under the protection of these people, and that should
498 | account for something.

499 | With that, Mr. Chairman, I yield back my time.

500 | [Prepared statement of Mr. Burton follows:]

501 | ***** COMMITTEE INSERT *****

502 Chairman WAXMAN. The gentleman's time has expired.

503 The Chair now recognizes Mr. Cummings.

504 Mr. CUMMINGS. Thank you very much, Mr. Chairman.

505 In light of the last statement that was just made, it is
506 not about Blackwater and what they did or they may have done
507 some good things. The question is whether there is
508 accountability.

509 Blackwater, we have to question in this hearing whether
510 it created a shadow military of mercenary forces that are not
511 accountable to the United States Government or to anyone
512 else. Blackwater appears to have fostered a culture of shoot
513 first and sometimes kill and then ask the questions.

514 Blackwater has been involved in at least 195 escalation of
515 force incidents since 2005, an average of 1.4 shooting
516 incidents per week.

517 We must seriously reassess whether these practices are
518 undermining our ability to accomplish our mission in Iraq.

519 We must also reassess how Blackwater not only affects
520 our mission in Iraq but also how it may negatively affect our
521 foreign relations efforts in the Middle East. These same
522 neighboring states that we need to utilize as vehicles to
523 spur multilateral and bilateral support as to create a
524 political reconciliation in Iraq.

525 This is about accountability, and I am going to be very
526 interested to hear what Mr. Prince has to say about that

527 | accountability.

528 | With that, Mr. Chairman, I yield back.

529 | [Prepared statement of Mr. Cummings follows:]

530 | ***** COMMITTEE INSERT *****

531 Chairman WAXMAN. The gentleman yields back his time.

532 The Chair recognizes Mr. Issa for two minutes.

533 Mr. ISSA. Thank you, Mr. Chairman.

534 I think it has been made incredibly clear by the
535 previous statements on the Democrat side that this is not
536 about Blackwater when they talk about being paid six times as
537 much, when they talk about the President shouldn't have gone
538 into this war, when they talk about, they talk about.

539 What we are hearing today is, in fact, a repeat of the
540 MoveOn.org attack on General Petraeus' patriotism. What we
541 are seeing is that except for the 79 members who voted
542 against denouncing MoveOn.org, 8 of whom are on the dais here
543 today, what we are seeing is what they couldn't do to our men
544 and women in uniform, they will simply switch targets.

545 The bodies were not cold in Iraq before this became a
546 story worth going after here in Committee.

547 The second panel today will include people from the
548 State Department who will tell us about the command and
549 control rules, about whether or not Blackwater made mistakes,
550 whether they did their job and whether they are going to be
551 continued as a contractor. That is appropriate.

552 I am not here to defend Blackwater, but I am here to
553 defend General Petraeus and the men and women in uniform who
554 do their job, who were first denounced by MoveOn.org, then
555 not denounced by members of Congress, many of whom are on the

556 | dais today, speaking as though they don't support attacking
557 | every possible way the Administration's war in Iraq.

558 | We are going to get to the bottom of what happened on
559 | September 16th, but quite frankly when we are done with that,
560 | we are still going to have the same problem with all due
561 | respect to the members on the other side of the aisle. We do
562 | not want military guarding State Department personnel. There
563 | is a long tradition, in fact, of very limited military
564 | guarding of even our embassies, a limited amount of Marines.

565 | The fact is the State Department has a surge
566 | responsibility in Iraq and Afghanistan. They are meeting it
567 | with private contractors. When that ends, do we really want
568 | to have 1,500 Special Ops people working for the State
569 | Department in career positions?

570 | I look forward to the debate on that and not on whether
571 | this war was ill-founded which has been the Democrats'
572 | mantra.

573 | [Prepared statement of Mr. Issa follows:]

574 | ***** COMMITTEE INSERT *****

575 Chairman WAXMAN. The gentleman's time has expired.

576 The Chair would now turn to Mr. Kucinich for two
577 minutes.

578 Mr. KUCINICH. Mr. Chairman, a British polling agency has
579 determined that more than one million Iraqi citizens have
580 died as a result of the Iraq War. Opinion Research Business
581 found that the death rate rose to almost one in two
582 households in Baghdad have lost a family member since the
583 invasion began in 2003. This report confirms the results of
584 a survey released last fall by Lancet, the prestigious
585 medical magazine which gave a conservative estimate of
586 650,000 innocent civilian deaths.

587 Now this great human tragedy is taking place in many
588 forms. In today's hearing. We are investigating
589 Blackwater's outrageous behavior that has killed countless
590 innocent Iraqis, and I am deeply concerned that the
591 Department of State appears to have attempted to cover up
592 Blackwater's killings rather than seek appropriate remedies.

593 What are the implications of killing an innocent Iraqi?
594 What is this Government's position on killing of innocent
595 Iraqis by a U.S. citizen?

596 If war is privatized and private contractors have a
597 vested interest in keeping the war going, the longer the war
598 goes on, the more money they make. Eighty-four percent of
599 the shooting incidents involving Blackwater are where they

600 | fired first, and Blackwater did not remain at the scene. So
601 | Blackwater's shoot first and don't ask questions later
602 | approach undermines the United States' position and
603 | jeopardizes the safety of our soldiers.

604 | How much more do we need to know to conclude that the
605 | war against Iraq has been a disaster for the Iraqi people and
606 | for the people of this Country as well?

607 | I yield back.

608 | [Prepared statement of Mr. Kucinich follows:]

609 | ***** COMMITTEE INSERT *****

610 Chairman WAXMAN. The gentleman yields back his time.
611 All opening statements have been concluded.

612 Oh, excuse me, there is one more, Mr. Mica for two
613 minutes.

614 Mr. MICA. Thank you.

615 Well, let me try to frame the context of this hearing.
616 I have been on the Committee for some 15 years. From the
617 outset, the Democrat side on the majority have tried to
618 discredit the President. In fact, I have a quote from a
619 press release from Chairman Waxman, January 10th: As part of
620 President bush's revised strategy appears for Iraq, he
621 appears likely to propose giving large sums of taxpayer
622 dollars to decrepit and possibly corrupt state-owned Iraqi
623 companies.

624 So we started first in these hearings to try to
625 discredit the President. We have tried to discredit the
626 Ambassador. We have tried to discredit the Secretary of
627 Defense. We did a great job in trying to discredit the
628 military here, and then we worked on the Iraqi government.

629 Now we are down to some of the contractors. So this is
630 the hearing to discredit them.

631 Probably one of the reasons why is there is some bad
632 news for the other side today. It is on page 15. It is a 48
633 percent drop in deaths in Iraq in one month. They want that
634 good news to get out, but on the front page, you want the

635 | other killings by Blackwater, the contractors we are going
636 | after today.

637 | Now if they are really intent on going after the
638 | contractors, and I don't know what happened on the 16th. I
639 | don't know what happened in other incidents.

640 | But if they are really intent on going after criminal
641 | misconduct, then we have a letter from the Department of
642 | Justice. We have some words about not interfering in this
643 | process, but we are interfering with both a Department of
644 | State investigation and a criminal misconduct investigation,
645 | potentially criminal charges.

646 | Let me quote from some of the words: This presents
647 | serious challenges for any potential criminal prosecution,
648 | and then they cite case law.

649 | So my concern, if we really want to do this, we should
650 | not be holding this hearing. Therefore, I move that the
651 | Committee do now adjourn.

652 | [Prepared statement of Mr. Mica follows:]

653 | ***** COMMITTEE INSERT *****

654 Chairman WAXMAN. The motion is before us to adjourn.

655 All those in favor of the motion, say aye.

656 [Chorus of ayes.]

657 Chairman WAXMAN. Opposed, no.

658 [Chorus of noes.]

659 Chairman WAXMAN. The noes have it and the motion is
660 defeated.

661 We have a witness now, and I would like to call forward
662 Erik Prince who is the head of the Prince Group, LLC and
663 Blackwater USA.

664 Mr. Prince, please come forward.

665 Mr. Prince, it is the practice of this Committee that
666 all witnesses take an oath before they testify, if you will
667 please raise your right hand.

668 [Witness sworn.]

669 Chairman WAXMAN. The record will indicate that the
670 witness answered in the affirmative.

671 I do want to say, Mr. Prince, that there have been press
672 reports over the past two weeks regarding the recent incident
673 on September 16th, and there have been conflicting accounts
674 of what actually happened on the ground.

675 I know that you had prepared to address this incident
676 today as did our other witnesses and no doubt our members did
677 too. So I just want to note that for the record that the
678 request to refrain from public comment came from the Justice

679 | Department, not Mr. Prince and not from anyone else, and I
680 | want to thank him for complying with that Justice Department
681 | request.

682 | I know you had been prepared to talk about it, but we
683 | would ask you please not to go into that incident.

684 | Mr. PRINCE. Yes, sir, I would be more than happy to.

685 | Chairman WAXMAN. Before you begin, just push the button
686 | the mic.

687 | Mr. PRINCE. Is that better?

688 | Chairman WAXMAN. Yes. Okay, please proceed however you
689 | see fit.

690 | STATEMENT OF ERIK PRINCE, CHAIRMAN, THE PRINCE GROUP, LLC AND
691 | BLACKWATER USA.

692 | STATEMENT OF ERIK PRINCE

693 | Mr. PRINCE. Chairman Waxman, Congressman Davis, members
694 | of the Committee, my name is Erik Prince, and I am the
695 | Chairman and CEO of the Prince Group and Blackwater USA.

696 | Blackwater is a team of dedicated professionals who
697 | provide training to America's military and law enforcement
698 | communities and risk their lives to protect Americans in
699 | harm's way overseas. Under the direction and oversight of
700 | the United States Government, Blackwater provides an
701 | opportunity for military and law enforcement veterans with a
702 | record of honorable service to continue their support to the
703 | United States.

704 | Words alone cannot express the respect I have for these
705 | brave men and women who volunteer to defend U.S. personnel,
706 | facilities and diplomatic missions. I am proud to be here to
707 | represent them today.

708 | After almost five years in active service as a U.S. Navy
709 | SEAL, I founded Blackwater in 1997. I wanted to offer the
710 | military and law enforcement communities assistance by

711 providing expert instruction and world-class training venues.
712 Ten years later, Blackwater trains approximately 500 members
713 of the United States Military and law enforcement agencies
714 every day.

715 After 9/11, when the U.S. began its stabilization
716 efforts in Afghanistan and then Iraq, the United States
717 Government called upon Blackwater to fill the need to
718 protective services in hostile areas. Blackwater responded
719 immediately. We are extremely proud of answering that call
720 and supporting our Country.

721 Blackwater personnel supporting our Country's overseas
722 missions are all military and law enforcement veterans, many
723 of whom have recent military deployments. No individual
724 protected by Blackwater has ever been killed or seriously
725 injured. There is no better evidence of the skill and
726 dedication of these men.

727 At the same time, 30 brave men have made the ultimate
728 sacrifice while working for Blackwater and its affiliates.
729 Numerous others have been wounded and permanently maimed.
730 The entire Blackwater family mourns the loss of these brave
731 lives. Our thoughts and our prayers are with their families.

732 The areas of Iraq in which we operate are particularly
733 dangerous and challenging. Blackwater personnel are subject
734 to regular attacks by terrorists and other nefarious forces
735 within Iraq. We are the targets of the same ruthless enemies

736 | that have killed more than 3,800 American military personnel
737 | and thousands of innocent Iraqis.

738 | Any incident where Americans are attacked serves as a
739 | reminder of the hostile environment in which our
740 | professionals work to keep American officials and dignitaries
741 | safe, including visiting members of Congress. In doing so,
742 | more American service members are available to fight the
743 | enemy.

744 | Blackwater shares the Committee's interest in ensuring
745 | the accountability and oversight of contract personnel
746 | supporting U.S. operations. The company and its personnel
747 | are already accountable under and subject to numerous
748 | statutes, treaties and regulations of the United States.
749 | Blackwater looks forward to working with Congress and the
750 | Executive Branch to ensure that any necessary improvements to
751 | these laws and policies are implemented.

752 | The Worldwide Personal Protection Services Contract,
753 | which has been provided to this Committee, was competitively
754 | awarded and details almost every aspect of operations and
755 | contractor performance including the hiring, vetting
756 | guidelines, background checks, screening, training standards,
757 | rules of force and conduct standards.

758 | In Iraq, Blackwater reports to the embassy's regional
759 | security officer or RSO. All Blackwater movements and
760 | operations are directed by the RSO. In conjunction with

761 internal company procedures and controls, the RSO ensures
762 that Blackwater complies with all relevant contractual terms
763 and conditions as well as any applicable laws and
764 regulations.

765 We have approximately 1,000 professionals serving today
766 in Iraq as part of our Nation's total force. Blackwater does
767 not engage in offensive or military missions but performs
768 only defensive security functions.

769 My understanding of the September 16th incident is that
770 the Department of State and the FBI are conducting a full
771 investigation, but those results are not yet available. We
772 at Blackwater welcome the FBI review announced yesterday, and
773 we will cooperate fully and look forward to receiving their
774 conclusions.

775 I just want to put some other things in perspective. A
776 recent report from the Department of State stated that, in
777 2007, Blackwater has conducted 1,873 security details for
778 diplomatic business to the Red Zone, areas outside the Green
779 Zone in Iraq, and there have been only 56 incidences in which
780 weapons were discharged or less than 3 percent of all
781 movements.

782 In 2006, Blackwater conducted over 6,500 diplomatic
783 movements in the Red Zone. Weapons were discharged in less
784 than 1 percent of those missions.

785 To the extent there is any loss of innocent life ever,

786 | let me clear that I consider that tragic. Every life,
787 | whether American or Iraqi, is precious. I stress to the
788 | Committee and to the American public, however, that I believe
789 | we acted appropriately at all times.

790 | I am prepared to answer your questions.

791 | [Prepared statement of Mr. Prince follows:]

792 | ***** INSERT *****

793 Chairman WAXMAN. Thank you very much, Mr. Prince.

794 I am going to start off with the questions.

795 The issue before us that I see that is important to
796 understand is we have gone now in a major way to contract out
797 what the Government and what the military ordinarily would
798 do.

799 Your company started off at the beginning of 2001 with,
800 I think, around over \$200,000 in Government contracts. You
801 now are making over a billion dollars a year. That is quite
802 a success. Even if I am wrong on the exact numbers, it is
803 quite a success.

804 Now we are paying a lot of money for privatized military
805 to do the work that our military people have done, and no one
806 does this work better than the U.S. Military. They are a
807 very able and brave and courageous people that do a fantastic
808 job for us.

809 So the question in my mind is are we paying more and
810 getting less?

811 In asking that question, I want to focus on a particular
812 incident. That incident received almost no public attention
813 but involved the tragic loss of three of our troops, and my
814 staff has reviewed the documents describing the incident.
815 They prepared a memo which I would like, without objection,
816 to make part of the record.

817 [The referenced information follows:]

818 ***** INSERT *****

819 Chairman WAXMAN. On November 27th, 2004, there was a
820 plane run by Blackwater Aviation that crashed into a wall of
821 a canyon in the mountains of Afghanistan. This plane was
822 carrying three military personnel, three active duty U.S.
823 personnel: Lieutenant Colonel Michael McMahon, Chief Warrant
824 Officer Travis Grogan, and Specialist Harley Miller.

825 About 40 minutes after takeoff, Blackwater 61 crashed
826 into the wall of a canyon and all the occupants were killed.
827 The crash was investigated by a joint Army and Air Force
828 taskforce and by the National Transportation Safety Board.

829 The NTSB report found that Blackwater captain and first
830 officer behaved unprofessionally and were deliberately flying
831 the non-standard route low through the valley for fun. The
832 report found that the pilots were unfamiliar with the route,
833 deviated almost immediately after takeoff and failed to
834 maintain adequate terrain clearance.

835 They also had a transcript of the cockpit voice
836 recording, and on this recording the flight crew joked with
837 each other, saying, "You are an X-wing fighter Star Wars man
838 and you are," expletive "right. This is fun."

839 The captain stated, "I swear to God they wouldn't pay
840 me if they knew how much fun this was."

841 Mr. Prince, one allegation raised recently about
842 Blackwater's actions is that your contractors have acted
843 irresponsibly. One senior U.S. commander told the Washington

844 Post ``They often act like cowboys.``

845 Let me ask you about that crash of Blackwater Flight 61.
846 In this case, did Blackwater's pilots act responsibly or were
847 they, in the words of the U.S. commander, acting like
848 cowboys?

849 Mr. PRINCE. I disagree with the assertion that they
850 acted like cowboys. We provide a very reliable, valuable
851 service to the Air Force and the Army in Afghanistan.
852 Anytime you have an accident, it is an accident. Something
853 could have been done better.

854 It is not a Part 135 U.S. type flying operation. There
855 is no flight services. There is no flight routes. There are
856 no nav aids. It is truly rugged Alaska-style bush flying.

857 Chairman WAXMAN. Well, the investigators said from the
858 National Transportation Safety Board that Blackwater Aviation
859 violated its own policies by assigning two pilots without
860 adequate flying experience in Afghanistan. According to the
861 military report, it was your policy, Blackwater policy, that
862 required at least one of the pilots to have flown in theater
863 for at least a month, but neither pilot had flown for that
864 long and neither had flown the route they were assigned that
865 day.

866 This is clear in the cockpit voice recording. Right
867 after takeoff, the Blackwater captain said, ``I hope I am
868 going into the right valley.``

869 | The first one replied, ``This one or that one?``

870 | The captain then apparently guessed which valley to fly,
871 | saying, ``I am just going to go up this one.``

872 | The flight mechanic later observed, ``We don't normally
873 | go this route.``

874 | Why didn't Blackwater follow its own policies and team
875 | two new pilots with more experienced ones? Why did you have
876 | two inexperienced pilots together?

877 | Mr. PRINCE. I am not qualified to speak to the
878 | experience level of the pilots. I will tell you that we are
879 | operating under military control. In fact, the aircraft was
880 | set to take off with two passengers onboard, and they
881 | actually turned around for the lieutenant colonel who I
882 | believe who boarded late.

883 | There was also it violated. The military violated its
884 | policy by loading both ammunition. That aircraft is also
885 | flying with a large number of illumination mortar rounds, and
886 | they are not supposed to mix pax and cargo. But, again, we
887 | followed our customer's instructions.

888 | Yes, accidents happened. We provided thousands and
889 | thousands of flight hours of reliable service since then.
890 | Today still, we are flying more than a thousand missions a
891 | month.

892 | Chairman WAXMAN. But on that one, the investigators
893 | found that Blackwater failed to follow standard precautions

894 | to track flights, failed to file a flight plan, failed to
895 | maintain emergency communications in case of an accident, and
896 | tragically these failures may have cost the life of the
897 | crash's sole survivor because one of the military people that
898 | you were escorting or your flight was escorting evidently
899 | survived for at least 10 hours after the crash.

900 | He suffered internal injuries, but he got out of the
901 | plane to urinate. He smoked a cigarette. He rolled out a
902 | sleeping bag. Nobody came, and then he died of cold from
903 | inattention. There was no way, as required, for anybody to
904 | know where that plane had landed even though that is a
905 | requirement.

906 | I have an email that I want to read to you. It was sent
907 | on November 10th, 2004, 16 days before the crash. It is from
908 | Paul Hooper, Blackwater Afghanistan Site Manager, and it was
909 | sent to John Hite, Vice President for Operations for
910 | Blackwater Aviation.

911 | In it, Mr. Hooper says, Blackwater knowing hired pilots
912 | with background and experience shortfalls.

913 | Here is what he wrote: ``By necessity, the initial
914 | group hired to support the Afghanistan operation did not meet
915 | the criteria identified in email traffic and had some
916 | background and experience shortfalls overlooked in favor of
917 | getting the requisite number of personnel on board to start
918 | up the contract.''

919 One of the great ironies of this accident is that while
920 the aircraft was being piloted by an inexperienced Blackwater
921 pilot, a skilled military pilot with an exemplary safety
922 record, Lieutenant Colonel Michael McMahon was on board the
923 flight as a passenger.

924 This is what his widow wrote to me. She is Colonel
925 Jeanette McMahon, and she works at West Point.

926 She said, ``Mike, like Mr. Prince, was a CEO of sorts in
927 the military as an aviation commander and as such had amassed
928 a great safety record in his unit. It is ironic and
929 unfortunate that he had to be a passenger on this plane
930 versus one of the people responsible for its safe operation.
931 Some would say it was simply a tragic accident... but this
932 accident was due to the gross lack of judgment in managing
933 this company.''

934 Mr. Prince, Colonel McMahon is asking why the taxpayers
935 should be paying your company millions to conduct military
936 transport missions over dangerous terrain when the military's
937 own pilots are better trained and a lot less expensive. How
938 do you respond?

939 Mr. PRINCE. We were hired to fill that void because
940 there is a different--it is a different kind of airlift
941 mission going in and out of the very short strips in
942 Afghanistan. You have high altitude, short strips,
943 unimproved runways, and you have transport aircraft that are

944 | designed to support a large conventional battle.

945 | We are doing small missions. The typical CASA payload
946 | maxes out at 4,000 pounds. They can't even hold that because
947 | of the short altitude or the high altitude short strips, they
948 | have to go in and out of, hauling mail, hauling parts.

949 | We are filling that gap because these strips are too
950 | small for C-17s. They are too small for C-130s. They are
951 | going in and out of places that the military can't get to
952 | with existing aircraft they have. That is why we are doing
953 | that mission.

954 | Chairman WAXMAN. You are saying that the military could
955 | not do this job?

956 | Mr. PRINCE. They did not have the assets to do it in
957 | theater or back in the United States, no, sir.

958 | Chairman WAXMAN. They could have acquired those assets,
959 | however. Instead, they hired you.

960 | Mr. PRINCE. I believe the Congress has seen fit to
961 | proceed with some sort of aircraft acquisition program to
962 | fill that void going forward, but this is a temporary service
963 | to fill that gap.

964 | Chairman WAXMAN. Well, we have been in Iraq for five
965 | years now. The pilots of Blackwater 61 paid for their errors
966 | with their lives, but I am wondering whether there was any
967 | corporate accountability for Blackwater. Were any sanctions
968 | placed on the company after the investigative reports that

969 | were so critical of Blackwater were released?

970 | Mr. PRINCE. Anytime there is an accident, a company also
971 | should be introspective and look back and see what can be
972 | done to make sure that it doesn't happen again.

973 | Chairman WAXMAN. Aside from your introspection, were you
974 | ever penalized in any way? Were you ever fined or suspended
975 | or reprimanded or placed on probation?

976 | Mr. PRINCE. I believe the Air Force investigated the
977 | incident, and they found that it was. It was pilot error.
978 | It was not due to corporate error that caused the mistake or
979 | that crashed the aircraft.

980 | Chairman WAXMAN. My time is up, but the corporation
981 | hired inexperienced pilots. They sent them on a route they
982 | didn't know about. They didn't even follow your own rules.
983 | It seems to me that it is more than pilot error. There ought
984 | to be corporate responsibility, and Blackwater was the
985 | corporation involved.

986 | Aside from your introspection, you have just been
987 | awarded a new contract for almost \$92 million. I want to see
988 | whether you are getting a stick as well as all these carrots.

989 | Mr. Davis, your turn.

990 | Mr. DAVIS OF VIRGINIA. Thank you, Mr. Chairman.

991 | Let me just say I think if there is a question if they
992 | should be in or out, if the private companies are doing work
993 | of the Army, that really ought to be addressed by the Defense

994 Department and State Department.

995 Mr. ISSA. Mr. Chairman?

996 Mr. Ranking Member, would you yield for a question?

997 Mr. DAVIS OF VIRGINIA. I would.

998 Mr. ISSA. Since I wasn't here during the Clinton

999 Administration, did Mr. Waxman and this Committee investigate
1000 Secretary Brown's crash in which he was killed?

1001 That was a military flight, C-130, I believe. Was that
1002 investigated?

1003 Mr. DAVIS OF VIRGINIA. I wasn't here. I was not here at
1004 that point, but I understand the question.

1005 Mr. ISSA. So crashes happen bad weather and in combat.

1006 Chairman WAXMAN. Will the gentleman yield to me?

1007 That crash was investigated, and the gentleman would be
1008 able to get the report of that investigation.

1009 Mr. DAVIS OF VIRGINIA. Let me yield five minutes to the
1010 gentleman from North Carolina.

1011 Mr. MCHENRY. I thank the Ranking Member for yielding.

1012 Mr. Prince, can you describe to the Committee the nature
1013 of your contract, who your client is in Iraq?

1014 Mr. PRINCE. In Iraq, we work for the Department of
1015 State.

1016 Mr. MCHENRY. What is the service you provide for the
1017 Department of State?

1018 Mr. PRINCE. We operate under the Worldwide Personal

1019 Protective Services Contract, and we are charged with
1020 protecting diplomats, reconstruction officials and visiting
1021 CODELs, members of Congress and their staffs.

1022 Mr. MCHENRY. In this calendar year, how many missions
1023 have you had in Iraq?

1024 Mr. PRINCE. Eighteen hundred and seventy-three.

1025 Mr. MCHENRY. How many incidents occurred during those
1026 1,873 movements?

1027 Mr. PRINCE. Only 56 incidents.

1028 Mr. MCHENRY. A movement is, for instance, a member of
1029 Congress lands at the airstrip. They are transported to the
1030 embassy. That is one movement.

1031 Mr. PRINCE. Yes, sir.

1032 Mr. MCHENRY. All right, and 56 incidents out of 1,873
1033 movements in a war zone, is that correct?

1034 Mr. PRINCE. Resulted in a discharge of one of our guys'
1035 weapons.

1036 Mr. MCHENRY. Those 56 incidents, does that mean that
1037 they shot at someone? Describe what an incident is.

1038 Mr. PRINCE. Yes. We don't even record all the times
1039 that our guys receive fire. The vehicles get shot at on a
1040 daily basis, multiple times a day. So that is not something
1041 we even record.

1042 In this case, an incident is a defensive measure. You
1043 are responding to an IED attack followed by small arms fire.

1044 Most of the attacks we get in Iraq are complex, meaning
1045 it is not just one bad thing; it is a host of bad things.
1046 Car bomb followed by small arms attack. RPGs followed by
1047 sniper fire.

1048 An incident occurs typically when our men fear for their
1049 life. They are not able to extract themselves from the
1050 situation. They have to use sufficient defensive fire to off
1051 the X, to get off that place where the bad guys have tried to
1052 kill Americans that day.

1053 Mr. MCHENRY. So in 1,873 missions, 56 incidents occurred
1054 which means potentially the Blackwater individual, the former
1055 soldier in most cases, discharges a weapon. Perhaps in the
1056 air, is that a possibility?

1057 Mr. PRINCE. It is not likely into the air. It is either
1058 going to be directed at someone that is shooting at us or
1059 another real problem. You know the recent Washington Post
1060 series on IEDs in Iraq, 81,000 IED attacks.

1061 The bad guys have figured out how to make a precision
1062 weapon. You take a car. You pack it with explosives, and
1063 you put a suicidal person in there that wants to drive into
1064 the back of a convoy and blow themselves up.

1065 Mr. MCHENRY. An additional question here, those 56
1066 incidents pretty much all involved returning fire. A caravan
1067 is being shot at, for instance, and you would return fire or
1068 a potential car bomb is coming at you and you are returning.

1069 Mr. PRINCE. A potential car bomb, yes. Defensive fire
1070 or potential car bombs going, potentially coming near you,
1071 you have to warn them off.

1072 There is a whole series in the use of force continuum
1073 that our guys are briefed and they abide by. They are
1074 briefed on it through their training back here in the United
1075 States.

1076 Every time they leave the wire, every time they launch
1077 on that mission, before they go in the morning, they get the
1078 mission brief on what they are going to do, who they are
1079 protecting, where they are going, the intelligence, what to
1080 be on the lookout for, where have there been particularly bad
1081 areas in the city and the use of force continuum, those rules
1082 of engagement.

1083 Mr. MCHENRY. The use of force continuum, is that
1084 dictated by the Department of State?

1085 Mr. PRINCE. Yes.

1086 Mr. MCHENRY. You use their rules of engagement, the
1087 commonly used term?

1088 Mr. PRINCE. Yes, sir.

1089 Mr. MCHENRY. That is similar to the Department of
1090 Defense rules of engagement.

1091 Mr. PRINCE. Yes, they are essentially the same.

1092 Mr. MCHENRY. Okay. So you had 1,800.

1093 Mr. PRINCE. Sorry, Department of Defense rules for

1094 | contractors. We do not have the same as a U.S. soldier at
1095 | all.

1096 | Mr. MCHENRY. Okay. In the report that I have, in 2006,
1097 | you had 6,254 missions and 38 incidents.

1098 | Mr. PRINCE. Yes, sir.

1099 | Mr. MCHENRY. Which means one of the contractors, one of
1100 | the former soldiers, who is now in State Department
1101 | Protective Service, they returned fire. So that would be
1102 | less than 1 percent of missions involved returning fire.

1103 | The question here, how long has Blackwater been involved
1104 | in Iraq? How long have you had this contract in Iraq?

1105 | Mr. PRINCE. We started there first working for DoD under
1106 | the CPA, and then I believe in 2005 it transitioned from CPA
1107 | over to Department of State.

1108 | Mr. MCHENRY. How many individuals under your protective
1109 | service have been injured or killed?

1110 | Mr. PRINCE. Twenty-seven dead and hundreds wounded.

1111 | Mr. MCHENRY. How many individuals?

1112 | Mr. PRINCE. Oh, under our care?

1113 | Mr. MCHENRY. Under your care that you are protecting.

1114 | Mr. PRINCE. Zero.

1115 | Mr. MCHENRY. Zero?

1116 | Mr. PRINCE. Zero, sir.

1117 | Mr. MCHENRY. Zero individuals that Blackwater has
1118 | protected have been killed in a Blackwater transport.

1119 Mr. PRINCE. That is correct.

1120 Mr. MCHENRY. Zero?

1121 Mr. PRINCE. Zero.

1122 Mr. MCHENRY. That is, I think, the operable number here.

1123 Your client is the State Department. The State Department

1124 has a contract with you to provide protective service for

1125 their visitors, for instance, CODELs, ambassadors and runs

1126 the gamut, and you have had zero individuals under your care

1127 and protection killed.

1128 Mr. PRINCE. Correct.

1129 Mr. MCHENRY. I think that is a very important number

1130 that we need to discuss here, Mr. Chairman, and that should

1131 be a testament to the service that these former veterans,

1132 these veterans that are currently working for Blackwater.

1133 Chairman WAXMAN. The five minutes that was yielded to

1134 you is over.

1135 Mr. MCHENRY. I am happy to yield back to the Ranking

1136 Member.

1137 Mr. DAVIS OF VIRGINIA. Mr. Prince, let me just continue

1138 with that. Are there any other security firms in Iraq that

1139 provide the services that involve as much danger as your

1140 escort services that your company provides in Baghdad?

1141 Mr. PRINCE. Sir, we certainly have a high profile

1142 mission. We protect the U.S. Ambassador. We protect all the

1143 diplomats in the greater Baghdad area which is the hottest

1144 part of the country by far.

1145 Mr. DAVIS OF VIRGINIA. How is your firm paid under the
1146 current task order contract for security details? Is it by
1147 the mission, by the hour or some other method?

1148 How do you bill the Government?

1149 Mr. PRINCE. It is generally billed on a per man day for
1150 every day that the operator is in the country.

1151 Mr. DAVIS OF VIRGINIA. Is it a cost plus fee or is it
1152 just like a time and materials?

1153 Mr. PRINCE. It is blended. Most of it is firm fixed
1154 price. There are a few things that are directly cost
1155 reimbursable like insurance.

1156 Mr. DAVIS OF VIRGINIA. Does the contract provide for
1157 monetary penalties for any performance difficulties like
1158 shooting incidents that were reported to have occurred and
1159 the like?

1160 Mr. PRINCE. Yes, there are sorts of penalty clauses, if
1161 we don't have it fully manned, if they are not happy with the
1162 leadership. We are very responsive. If there is someone
1163 that doesn't agree or is not operating within the standards
1164 of the Department of State, they have two decisions, window
1165 or aisle.

1166 Mr. DAVIS OF VIRGINIA. Do you work just for the
1167 Department of State or do you work for the Defense Department
1168 as well?

1169 Mr. PRINCE. In Iraq, we essentially work for the
1170 Department of State. There are one or two folks here or
1171 there in a consultant type position but nothing, nothing
1172 significant, nothing armed.

1173 Mr. DAVIS OF VIRGINIA. It is important for the Committee
1174 to understand there are two different contracting entities
1175 that are contracting in Iraq, and you work for State.

1176 Do you think the contract provisions and the State
1177 Department contract management personnel provide sufficient
1178 guidance for the use of force under the contract?

1179 Mr. PRINCE. Yes, sir. We have seen the full gamut of
1180 contracting and contract management in the stabilization
1181 section or stabilization phase of the Iraq War, and there is
1182 a whole host of differences in oversight.

1183 I will tell you the State Department is the highest.
1184 They are the GE-like buyers, the most sophisticated oversight
1185 standards that we have to comply with on the front end for
1186 our personnel and management in the field.

1187 Mr. DAVIS OF VIRGINIA. When your teams are operating on
1188 the ground in Baghdad, what entity has the authority to
1189 control your activities? Is it the State Department or is it
1190 the military commander who is responsible for the battle
1191 space?

1192 Mr. PRINCE. We work for the RSO, the regional security
1193 officer. He is the chief security official for the State

1194 Department in Iraq.

1195 Mr. DAVIS OF VIRGINIA. So it is the State Department
1196 ultimately for whom you are contracting.

1197 Mr. PRINCE. Yes.

1198 Mr. DAVIS OF VIRGINIA. Can you describe the process that
1199 is followed under the contract when a shooting incident
1200 occurs?

1201 Have you dismissed any employees for shooting incidents
1202 under your security contracts in Iraq and what happens to
1203 dismissed employees? Are they sent out of Iraq?

1204 Mr. PRINCE. Okay, let me answer the last one first.

1205 If there is any sort of discipline problem, whether it
1206 is bad attitude, a dirty weapon, riding someone's bike that
1207 is not his, we fire them. We hold ourselves internally
1208 accountable, very high. We fire them. We can fine them, but
1209 we can't do anything else.

1210 So if there is any incidents where we believe wrongdoing
1211 is done, we present that incident, any incident, any time a
1212 weapon is discharged, there is an incident report given to
1213 the RSO.

1214 Mr. DAVIS OF VIRGINIA. Any idea how many employees you
1215 have fired over the time?

1216 Mr. PRINCE. I think in the Committee's report, they said
1217 122 or something over.

1218 Mr. DAVIS OF VIRGINIA. So you have taken action when it

1219 | has come to your attention.

1220 | Mr. PRINCE. Say again, sir.

1221 | Mr. DAVIS OF VIRGINIA. So you have taken action when it
1222 | has come to your attention.

1223 | Mr. PRINCE. It generally comes to our attention first.
1224 | We as a company, we fire them. We send the termination
1225 | notice to the State Department as to why we fired someone.

1226 | Mr. DAVIS OF VIRGINIA. Thank you.

1227 | Chairman WAXMAN. The gentleman's time has expired.

1228 | Mrs. Maloney for five minutes.

1229 | Mrs. MALONEY. Thank you, Mr. Chairman.

1230 | I would like to ask you, Mr. Prince, about one of these
1231 | employees whom you fired, and this was an employee who got
1232 | drunk on Christmas Eve of 2006. According to documents that
1233 | we got yesterday from the State Department, this particular
1234 | man, while he was drunk, shot and killed the guard to the
1235 | Iraqi Vice President, obviously causing great tensions
1236 | between the Iraqi government and the United States military.

1237 | I would like to ask you about his firing. You fired
1238 | this individual for handling a weapon and for being
1239 | intoxicated, is that right?

1240 | Mr. PRINCE. The men operate with a clear policy. If
1241 | there is to be any alcohol consumed, it is eight hours
1242 | between any time of consumption of alcohol.

1243 | Mrs. MALONEY. Was he fired or not?

1244 Mr. PRINCE. Excuse me?

1245 Mrs. MALONEY. Was he fired?

1246 Mr. PRINCE. Oh, yes, ma'am, he was fired.

1247 Mrs. MALONEY. Have any charges been brought against him
1248 in the Iraqi justice system?

1249 Mr. PRINCE. I don't believe in the Iraqi justice system.
1250 I do believe. I know we referred it over to the--

1251 Mrs. MALONEY. Justice Department, they told us they are
1252 still looking at it nine months later.

1253 Have any charges been brought against him in the U.S.
1254 Military justice system?

1255 Mr. PRINCE. I don't know.

1256 Mrs. MALONEY. Have any charges been brought against him
1257 in the U.S. civilian justice system?

1258 Mr. PRINCE. Well, that would be handled by the Justice
1259 Department, ma'am. That is for them to answer, not me.

1260 Mrs. MALONEY. Other than firing him, has there been any
1261 sanction against him about any Government authority?

1262 You mentioned you fined people for bad behavior. Was he
1263 fined for killing the Iraqi guard?

1264 Mr. PRINCE. Yes, he was.

1265 Mrs. MALONEY. How much was he fined?

1266 Mr. PRINCE. Multiple thousands of dollars, I don't know
1267 the exact number. I will have to get you that answer.

1268 Mrs. MALONEY. Okay.

1269 Mr. PRINCE. Look, I am not going to make any apologies
1270 for what he did. He clearly violated our policies.

1271 Mrs. MALONEY. Okay. All right. Every American believes
1272 he violated policies. If he lived in America, he would have
1273 been arrested, and he would be facing criminal charges. If
1274 he was a member of our military, he would be under a court
1275 martial. But it appears to me that Blackwater has special
1276 rules. That is one of the reasons of this hearing.

1277 Now, within 36 hours of the shooting, he was flown out
1278 of Iraq. Did Blackwater arrange for this contractor to leave
1279 Iraq less than two hours after the shooting?

1280 Mr. PRINCE. I do not believe we arranged for him to
1281 leave after two hours after the shooting. He was arrested.

1282 Mrs. MALONEY. Okay, what about two days? It was two
1283 days after the shooting.

1284 Did Blackwater arrange for him to leave the country?

1285 Mr. PRINCE. That could easily be.

1286 Mrs. MALONEY. Okay.

1287 Mr. PRINCE. IZ Police arrested him. There was evidence
1288 gathered. There was information turned over to the Justice
1289 Department office in Baghdad. We fired him. He certainly
1290 didn't have a job with us.

1291 Mrs. MALONEY. Well, in America, if you committed a
1292 crime, you don't pack them up and ship them out of the
1293 country in two days.

1294 If you are really concerned about accountability, which
1295 you testified in your testimony, you would have gone in and
1296 done a thorough investigation. Because this shooting took
1297 place within the Green Zone, this was a controllable
1298 situation. You could have gone in and done forensics and all
1299 the things that they do, but the response was to pack him and
1300 have him leave the country within two days.

1301 I would like to ask you, how do you justify sending him
1302 away from Iraq when any investigation would have only just
1303 begun?

1304 Mr. PRINCE. Again, he was fired. The Justice Department
1305 was investigating. In Baghdad, there is a Justice Department
1306 office there.

1307 He didn't have a job with us anymore. We as a private
1308 company cannot detain him. We can fire, we can fine, but we
1309 can't do anything else. The State Department--

1310 Mrs. MALONEY. What evidence do you have that the Justice
1311 Department was investigating him at that time?

1312 Mr. PRINCE. From talking to my program management people
1313 in the country, they said it is in the hands of the IZ Police
1314 which is Air Force arrested him. They took him in for
1315 questioning. It was handled by the Justice Department.

1316 He was fired by us. The State Department ordered.

1317 Mrs. MALONEY. Well, it has been 10 months, and the
1318 Justice Department has not done anything to him. Again, I

1319 repeat, if he was a U.S. citizen or in America, he would have
1320 been arrested immediately. He would have faced criminal
1321 charges.

1322 We know about the chain of command in the military.
1323 They are court-martialed immediately.

1324 But if you work for Blackwater, you get packed up and
1325 you leave within two days and you face a thousand dollar
1326 fine.

1327 So I am concerned about accountability and really the
1328 unfairness of this, and I am concerned about how
1329 Blackwater--if I could just say, Mr. Chairman--your actions
1330 may be undermining our mission in Iraq and really hurting the
1331 relationship and trust between the Iraqi people and the
1332 American military.

1333 Chairman WAXMAN. The gentlelady's time has expired.

1334 Mr. Burton

1335 Mr. BURTON. Can you tell us, Mr. Prince, how many people
1336 witnessed the incident she just referred to?

1337 Mr. PRINCE. I don't believe anyone did, sir.

1338 Mr. BURTON. So the only people who were involved was the
1339 man who was shot and your employee?

1340 Mr. PRINCE. Yes, sir.

1341 Mr. BURTON. Can you, in some detail, go into the rules
1342 of engagement?

1343 I have talked to some of the people at State Department

1344 | about this, and I have talked to people within your
1345 | organization. As I understand it, on the back of every one
1346 | of your vehicles, in both Arabic and English, there is a
1347 | warning to not get 100 meters of that vehicle, is that
1348 | correct?

1349 | Mr. PRINCE. Yes, that is right, sir.

1350 | Mr. BURTON. If somebody is coming at your vehicle at a
1351 | high rate of speed, do your employees have any actions that
1352 | they should take especially if it might be a car bomb or
1353 | something like that?

1354 | Mr. PRINCE. Yes, sir. There are generally lights and
1355 | sirens on the vehicles, air horn. The personnel, whose
1356 | security sector is facing back towards that oncoming threat,
1357 | will be giving hand signals, audible yelling, stop, qif,
1358 | Arabic for stop.

1359 | There is a pin flare, which is a signaling device kind
1360 | of like a bottle rocket. It is the device used for a pilot
1361 | to signal his whereabouts on the ground to be rescued, but it
1362 | is a bright incendiary device that flies by the vehicle or it
1363 | hits the vehicle. It is not lethal at all, but definitely
1364 | you know something is happening.

1365 | Water bottles are sometimes thrown at vehicles to warn
1366 | them off.

1367 | If you have to go beyond that, they take shots into the
1368 | radiator. You hear that hitting the car. It disables the

1369 | car. Definitely, you know something is happening.

1370 | If they go beyond that, they spider the windshield. You
1371 | put a round through the center of the windshield away from
1372 | the occupants so that the safety glass in the windshield
1373 | makes it difficult to see through.

1374 | Only after that do they actually direct any shots
1375 | towards the driver. So there is a whole use of force
1376 | continuum.

1377 | Mr. BURTON. The questions that I have heard today from
1378 | the other side indicate that there ought to be perfection in
1379 | your organization. Now you are a Navy SEAL, and you served
1380 | in the military. Do you believe that any kind of military
1381 | operation of this type or any type can be absolutely perfect
1382 | all the time?

1383 | Mr. PRINCE. I am afraid not, sir. We strive for
1384 | perfection. We try to drive towards the highest standards,
1385 | but the fog of war and accidents and the bad guys just have
1386 | to get lucky once.

1387 | Mr. BURTON. I think it is very important that everybody
1388 | who is involved in this hearing today understand that you
1389 | have high public officials, Congressman and others, whom you
1390 | have to protect, and you have indicated that nobody has been
1391 | killed or hurt under your protection. Yet, you are going
1392 | through all kinds of zones where there are car bombs going
1393 | off, small arms fire, cars coming at you at high rates of

1394 speed.

1395 Can you explain to me why in the world there wouldn't be
1396 some precautions taken when those sorts of things take place?

1397 Mr. PRINCE. Again, the bad guys have figured out killing
1398 Americans is big media, I think. They are trying to drive us
1399 out. They try to drive to the heart of American resolve and
1400 will to stay there.

1401 So we have to provide that protective screen. We only
1402 play defense, and our job is to get those reconstruction
1403 officials, those people that are trying to weave the fabric
1404 of Iraq back together, to get them away from that X, the
1405 place where the bad guys, the terrorists, have decided to
1406 kill them that day.

1407 Mr. BURTON. One of the members on the other side
1408 indicated that when there is a firefight or when there is a
1409 car bomb going off or something, there is an attack on your
1410 convoy, that you don't stay there.

1411 Can you explain to me what would happen if you stayed
1412 there when you were under attack?

1413 Mr. PRINCE. Again, there would be a lot more firefight.
1414 There would be a lot more shooting.

1415 Our job is to get them off the X. The X is what we
1416 refer to in our business about the preplanned ambush site
1417 where bad guys have planned to kill you. So our job is to
1418 get them away from that X, to get them to a safe place. So

1419 | we can't stay and secure the terrorist crime scene
1420 | investigation.

1421 | Mr. BURTON. You are in a war zone.

1422 | Mr. PRINCE. Yes, sir.

1423 | Mr. BURTON. So, the instructions, I want to get this
1424 | straight. If your people come under fire or there is a car
1425 | bomb or RPG fired at them, they are supposed to turn around
1426 | under some rules and get out of there to protect the people
1427 | that they are guarding.

1428 | Mr. PRINCE. Yes, sir, defensive fire, sufficient force
1429 | to extricate ourselves from that dangerous situation. We are
1430 | not there to achieve firepower dominance or to drive the
1431 | insurgents back. We are there to get our package away from
1432 | danger.

1433 | Mr. BURTON. Thank you.

1434 | Chairman WAXMAN. The gentleman's time has expired.

1435 | The Chair now recognizes Mr. Cummings for five minutes.

1436 | Mr. CUMMINGS. Mr. Prince, you are a very impressive
1437 | witness. I just want to ask you a few questions that cause
1438 | me some concern that seems to go counter to some of the
1439 | things that you have said.

1440 | I am wondering whether Blackwater is actually helping
1441 | our military or hurting them. Frankly, I am concerned that
1442 | the ordinary Iraqi may not be able to distinguish military
1443 | actions from contractor actions. They view them all as

1444 American actions.

1445 Now I want to go back to this incident that we have been
1446 talking about for the last few minutes, the 2006 Christmas
1447 Eve incident where the drunken Blackwater official shot and
1448 killed a guard of the Iraqi Vice President, which is
1449 basically like killing a Secret Service person guarding our
1450 Vice President.

1451 When this incident first happened, an Arab television
1452 station ran an incorrect story, saying that a ``drunken U.S.
1453 soldier'' killed the Iraqi Vice President's guard.

1454 Were you aware of this incorrect press report?

1455 Mr. PRINCE. No, sir, I was not.

1456 Mr. CUMMINGS. Of course, you can see how a media report
1457 like that makes it more likely that Iraqis will blame the
1458 United States Military rather than Blackwater for the killing
1459 of the Iraqi Vice President's guard. Again, what if it were
1460 our Vice President?

1461 Did Blackwater take any steps to inform the press that
1462 it was actually a Blackwater employee who killed the Vice
1463 President's guard?

1464 Mr. PRINCE. By contract, we are not allowed to engage
1465 with the press.

1466 Mr. CUMMINGS. All right, and why is that?

1467 Mr. PRINCE. That is part of the stipulations in the WPPS
1468 contract.

1469 Mr. CUMMINGS. After this report aired, an official who
1470 works for you--and this is what really concerns me and I just
1471 want to know your reaction to this--at Blackwater sent an
1472 email.

1473 This is an employee of yours sent an email internally to
1474 some of his colleagues. He did not suggest contacting the
1475 station, I guess, for the reason you just said. He didn't
1476 suggest putting out a press release, and he didn't suggest
1477 correcting the false story in any way.

1478 Instead, this is what the email said: "At least the ID
1479 of the shooter will take the heat off of us," meaning
1480 Blackwater.

1481 In other words, he was saying: Wow, everyone thinks it
1482 was the military and not Blackwater. What great news for us.
1483 What a silver lining.

1484 Mr. Prince, you said in your testimony that Blackwater
1485 is extremely proud of answering the call and supporting our
1486 Country. Did anyone in your organization ever raise any
1487 concerns that a lying, a false story to continue might lead
1488 to retaliation or insurgent activity against our troops?

1489 Mr. PRINCE. I don't believe that false story lasted in
1490 the media for more than a few hours, sir.

1491 Mr. CUMMINGS. But the fact still remains that it was a
1492 false story, and we are trying to be supportive of the Iraqi
1493 government, trying to get this reconciliation, trying to make

1494 | sure that they, as President Bush says, that they stand up so
1495 | that we can stand down.

1496 | But, at the same time, when these stories are put out--I
1497 | think you would agree--that the Iraqi people then say, well,
1498 | wait a minute, the United States is supposed to be supporting
1499 | our Government.

1500 | President Bush talks about how we have gone over to
1501 | export democracy. Here is the very symbol. The Vice
1502 | President of a country, killed by a drunken Blackwater
1503 | employee.

1504 | The question is then what lies in the mind of the Iraqi?
1505 | What lies in the minds of those people who may have wanted to
1506 | cooperate with our security over there?

1507 | Then they say, well, wait a minute, if they, United
1508 | States soldiers, but really Blackwater is doing this to the
1509 | very Government that we are supposed to be supporting. Then
1510 | what does that say and why should we support the United
1511 | States? Fair question?

1512 | Mr. PRINCE. Yes, sir. Look, I am not going to make any
1513 | apologies for the--

1514 | Mr. CUMMINGS. I am not asking you to make any apologies.
1515 | You are the president of this company, is that right?

1516 | Mr. PRINCE. The CEO.

1517 | Mr. CUMMINGS. CEO, well, you are the top guy. You are
1518 | one of the top guys, is that right?

1519 Mr. PRINCE. Pretty much, yes, sir.

1520 Mr. CUMMINGS. All right. So I am just asking you a
1521 question about what your policies are. That is all.

1522 Mr. PRINCE. We have clear policies. Whether the guy was
1523 involved in a shooting that night or not, the fact that he
1524 violated the alcohol policy with firearms would have gotten
1525 him fired on the spot. That is why we fire people. We hold
1526 them independently accountable.

1527 The guy slipped away from the party. He was by himself.
1528 I am confident that if he had been with another guy from
1529 Blackwater, the other guy would have stopped him and said,
1530 enough. You know.

1531 Mr. CUMMINGS. So contrary to what Mr. Burton said, this
1532 was after hours in the Green Zone, wasn't it? This wasn't
1533 some mission, was it?

1534 Mr. PRINCE. Correct.

1535 Mr. CUMMINGS. Right.

1536 Mr. PRINCE. He was on his own time. It was a Christmas
1537 Eve party.

1538 Mr. CUMMINGS. Do you understand what I mean? I have
1539 heard not a lot of complimentary things about what you all
1540 are doing. I am sure you are doing a great job, but it is
1541 not about what you do well. It is a question of when things
1542 go wrong, where is the accountability?

1543 Mr. PRINCE. And, sir, we fired him. We fined him. But

1544 | we, as a private organization, can't do any more. We can't
1545 | flog him. We can't incarcerate him. That is up to the
1546 | Justice Department. We are not empowered to enforce U.S.
1547 | law.

1548 | Mr. CUMMINGS. Do you think more should be done?

1549 | Mr. PRINCE. I would be happy to see further
1550 | investigation and prosecution by the Justice Department, yes,
1551 | sir.

1552 | Mr. CUMMINGS. Thank you.

1553 | Chairman WAXMAN. I am going to call Mr. Mica next.

1554 | How much did you fine him?

1555 | Mr. PRINCE. Multiple thousands of dollars, sir. I don't
1556 | know the exact number, but whatever we had left due him in
1557 | pay, I believe we withheld and plus his plane ticket.

1558 | Chairman WAXMAN. Thank you.

1559 | Mr. Mica.

1560 | Mr. MICA. Thank you.

1561 | Mr. Prince, in your testimony earlier, you said,
1562 | ''Killing Americans, I guess, in Iraq is big media.''

1563 | You said that?

1564 | Mr. PRINCE. Yes, sir.

1565 | Mr. MICA. Did you have any idea that wounding American
1566 | contractors in a Congressional hearing would be this big
1567 | media?

1568 | Mr. PRINCE. More than I bargained for, sir, yes.

1569 Mr. MICA. I described you are here because you are sort
1570 of in the chain of command to be attacked next by some folks
1571 who want to discredit what you are doing. I might say that I
1572 don't know if there were criminal acts committed, and there
1573 will probably be ways in which we can go after folks. One of
1574 those would be have the Department of Justice pursue the
1575 case. Would that be the normal procedure?

1576 Mr. PRINCE. Yes, sir. We welcome it. We encourage it.
1577 We want that accountability. We hold ourselves internally
1578 accountable, but you know we put a thousand guys out in the
1579 field. Humans make mistakes and they do stupid things
1580 sometimes. We try to catch those as much as we can, but if
1581 they go over the line.

1582 Mr. MICA. Well, they criticized you. I guess we could
1583 start with the pilots and the NTSB investigation. They
1584 should go back and look at the Comair crash in Kentucky with
1585 the accounts of the pilots which was a distraction and led to
1586 the crash according to their findings. I have chaired the
1587 Aviation Subcommittee and followed that very closely.

1588 Basically, as Al Gore would put it, there is no
1589 controlling authority for airspace in Afghanistan.

1590 Mr. PRINCE. There is no FAA in Afghanistan.

1591 Mr. MICA. Then you were criticized, too. You left the
1592 pilot. I guess he survived but was not found. Is that it?

1593 Mr. PRINCE. No. There was two of the DoD personnel in

1594 back survived the crash.

1595 Mr. MICA. Survived, okay. Well, two survived and
1596 weren't found, and I guess they perished.

1597 Mr. PRINCE. They perished before they were found.

1598 Mr. MICA. I guess in the United States, like we have an
1599 experienced pilot like Fossett. He is lost. Have we found
1600 him yet?

1601 Mr. PRINCE. No, sir.

1602 Mr. MICA. Okay, but this is in the terrain.

1603 Mr. PRINCE. Terrain very similar to what is in Nevada.

1604 Mr. MICA. I just want to try to put things in
1605 perspective.

1606 There is also some argument that you cost the Government
1607 too much and that you are getting paid too much and maybe
1608 this is something that the military should be doing. Could
1609 you respond to that?

1610 Mr. PRINCE. Yes, sir. I think there are three arguments
1611 for or against privatization. There is reliability, there is
1612 accountability, and there is cost.

1613 Accountability issues can be handled by exercising MEJA.
1614 Congress expanded MEJA at the end of 2004 to any DoD
1615 contingency operation, I believe. So any time a U.S.
1616 contractor is abroad, they can be brought up on charges on
1617 behalf of the U.S. Government. They can be brought up on
1618 charges back here in the States.

1619 There is reliability. That comes down to, I think,
1620 individual vendor reliability. How well does that company
1621 execute? Are they complete, correct and on time?

1622 And then there is cost. The American automotive
1623 industry, any manufacturer in America has to deal with that
1624 cost issue all the time, whether they should make something.
1625 It is that make versus buy argument.

1626 I greatly encourage Congress to do some true
1627 activity-based cost studies. What do some of these basic
1628 Government functions really cost? Because I don't believe it
1629 is as simple as saying, well, this sergeant costs us this
1630 much because that sergeant doesn't show up there naked and
1631 untrained. There are a whole bunch of other costs that go
1632 into it.

1633 So, figure out if the Army does the job, how many of
1634 those people leave the wire every day? What is their tooth
1635 to tail ratio? How many people are operators versus how many
1636 people are support people? That all drives into what your
1637 total cost is.

1638 Now American industry got pushed by the Japanese car
1639 makers and you know by foreign competitors because you have
1640 to focus on cost and being efficient in delivering a good or
1641 a product or a service at a better competitive price.

1642 Mr. MICA. Finally, you were criticized for not detaining
1643 someone who committed a criminal act. Now if an employee

1644 | commits a criminal act in the United States, and you fire
1645 | him, are you responsible in the United States for detaining
1646 | him and handling?

1647 | Mr. PRINCE. Well, that would be a crime that we
1648 | committed then because we are not allowed to detain.

1649 | Mr. MICA. You are not allowed to detain?

1650 | Mr. PRINCE. No, sir.

1651 | Mr. MICA. Okay. So, in that situation, you were
1652 | criticized for providing someone transport back. Was it to
1653 | the United States?

1654 | Mr. PRINCE. It was.

1655 | Mr. MICA. Or wherever.

1656 | Mr. PRINCE. We acquired an airline ticket for him back
1657 | to the States. That is all by direction of the State
1658 | Department.

1659 | Chairman WAXMAN. The gentleman's time has expired.

1660 | Now the Chair recognizes Mr. Kucinich.

1661 | Mr. KUCINICH. Thank you very much, Mr. Chairman.

1662 | In my opening remarks, I pointed out that if war is
1663 | privatized, private contractors have a vested interest in
1664 | keeping the war going. The longer the war goes on, the more
1665 | money they make.

1666 | I want to, for my time here, explore the questions
1667 | regarding how Blackwater got its contracts.

1668 | Mr. Prince, your company has undergone a staggering

1669 growth just over the past few years. The Committee's
1670 attention can be directed to the chart. In 2000, your
1671 company was bringing in only about \$200,000 in Government
1672 contracts but since then, according to the Committee, you
1673 have skyrocketed to something in the nature of a billion
1674 dollars in Government contracts.

1675 The real increase in Blackwater's contracts began with
1676 the Iraq War. In fact, if you look at the chart, you can see
1677 how from 2004 on, the amount of taxpayer dollars Blackwater
1678 was awarded by the Administration began to go through the
1679 roof from about \$48 million in 2004 to \$350 million in 2005
1680 to over \$500 million last year.

1681 This is really an unprecedented rate of increase, and I
1682 want to understand how this happened, Mr. Prince.

1683 We have been informed that one of your first contracts
1684 in Iraq was for the Coalition Provisional Authority.
1685 Ambassador Paul Bremer awarded you a contract to protect
1686 officials and dignitaries. That was at the end of 2003,
1687 towards the end of 2003. It may have been in August. Is
1688 that right, sir?

1689 Mr. PRINCE. I believe it happened right after the UN
1690 facility in Baghdad was blown up by a large truck bomb. Yes,
1691 sir, they then feared for the U.S. officials.

1692 Mr. KUCINICH. Now that contract was no-bid, is that
1693 right, sir?

1694 Mr. PRINCE. It was off the GSA schedule.

1695 Mr. KUCINICH. Can you tell us how you got this no-bid
1696 contract?

1697 Mr. PRINCE. Off the GSA schedule is considered a bid
1698 contract, sir. The GSA schedule is a pre-bid program kind of
1699 like catalogue of services that you put out, like buying
1700 something from the Sears catalogue.

1701 Mr. KUCINICH. Did you talk to anyone in the White House
1702 about the contract?

1703 Mr. PRINCE. No, sir.

1704 Mr. KUCINICH. Did you talk to anyone in the Congress
1705 about the contract?

1706 Mr. PRINCE. No, sir.

1707 Mr. KUCINICH. Did anyone, to your knowledge, connected
1708 with Blackwater talk to anyone in either the White House or
1709 the Congress about the contract?

1710 Mr. PRINCE. Not to my knowledge, no.

1711 Mr. KUCINICH. Did anyone in the DeVos Family talk to
1712 anyone in the White House or the Congress about the contract?

1713 Mr. PRINCE. No.

1714 Mr. KUCINICH. As a taxpayer, do you think it is proper
1715 that no other companies were allowed to bid?

1716 Mr. PRINCE. That, I am not aware of, sir. It is a
1717 requirement, Government officials had. They came to us,
1718 asked if it could be fulfilled. I don't know what other

1719 | companies they went to as well. I am not aware of that.

1720 | Mr. KUCINICH. In 2004, the State Department awarded
1721 | Blackwater a \$332 million task order under its diplomatic
1722 | protection contract. Are you familiar with that?

1723 | Mr. PRINCE. I am familiar about the amount. I know that
1724 | we transitioned over to working for the State Department from
1725 | the CPA. I am not sure exactly when that happened.

1726 | Mr. KUCINICH. Thank you, sir.

1727 | According to the Federal Contracting Database, you
1728 | didn't have to compete for that one either, is that correct?

1729 | Mr. PRINCE. Again, I believe they continued that off the
1730 | GSA schedule which is an approved contracting pre-bid method.

1731 | Mr. KUCINICH. Who at the State Department were you
1732 | dealing with in order to get this contract?

1733 | Mr. PRINCE. I don't know. I presume it was under the
1734 | diplomat.

1735 | Mr. KUCINICH. Excuse me?

1736 | Mr. PRINCE. It was under the Diplomatic Security
1737 | Service. That is the folks at State we were working for.

1738 | Mr. KUCINICH. Now SIGIR reported that this was a no-bid
1739 | contract. Was SIGIR incorrect? It was a no-bid contract or
1740 | not?

1741 | Mr. PRINCE. I am not sure how they are defining bid or
1742 | no-bid. In my understanding, they used, we used pricing off
1743 | the GSA schedule, and I believe that is considered, regarded

1744 as a biddable contract.

1745 Chairman WAXMAN. Will the gentleman yield to me?

1746 Mr. KUCINICH. I yield to the Chair.

1747 Chairman WAXMAN. It is on the GSA schedule. Did they
1748 come to you to put your offer of services on the GSA
1749 schedule? Did you go to them? How did that get on the GSA
1750 schedule?

1751 Mr. PRINCE. Oh, most companies in our kind of work have
1752 a GSA schedule. We have a GSA schedule for target systems.
1753 We have a GSA schedule for--

1754 Chairman WAXMAN. So you offered services and you are on
1755 the list of services that they can purchase?

1756 Mr. PRINCE. Yes, sir.

1757 Chairman WAXMAN. You don't know if anybody was on the
1758 list for these kinds of services?

1759 Mr. PRINCE. Oh, I am sure there are lots of companies
1760 that are.

1761 Chairman WAXMAN. For some of the services.

1762 Did you go to anyone else or did anyone else from the
1763 Government go to you to ask you to do the work?

1764 Mr. PRINCE. I don't know, sir.

1765 Chairman WAXMAN. Did they ask you to see if you could
1766 put together this operation and then they put you on the
1767 schedule?

1768 Mr. PRINCE. I would say we were present in the country

1769 | already. We already had significant presence with the CPA
1770 | under a bid contract. I believe that contract was called
1771 | Security Services Iraq. So we had a large presence of static
1772 | guards and PSD kind of work for them.

1773 | So I think they probably just wanted to transition from
1774 | DoD work to Department of State work.

1775 | Chairman WAXMAN. Thank you.

1776 | Mr. Shays.

1777 | Mr. SHAYS. Thank you, Mr. Chairman.

1778 | Mr. Chairman, I didn't make an opening statement. I was
1779 | Chairman of the National Security Subcommittee and Ranking
1780 | Member, and so I have a keen interest in this issue, but
1781 | other members had important statements to make. So, first, I
1782 | would like to make an observation.

1783 | I want to align myself with the statement of Tom Davis,
1784 | my Ranking Member now. I thought it adequately and perfectly
1785 | expresses my view.

1786 | I want to thank both the Chairman and Mr. Davis for
1787 | honoring U.S. Department of Justice's request not to discuss
1788 | an incident we don't have enough facts to discuss, and we
1789 | will deal with that later. I think that is responsible.

1790 | I think this hearing, the way we are dealing with it, is
1791 | a very important effort, given what we are doing.

1792 | Now, saying that, during the Vietnam War, I was a
1793 | conscientious objector. I was a Peace Corps volunteer, so I

1794 try to be very careful when I evaluate the performance of men
1795 and women under fire. Frankly, many of those behind you at
1796 this desk are exactly that. We are behind a desk, never been
1797 shot at, never tried to understand what it is like to be
1798 under fire.

1799 Blackwater, I want to say, has a reputation of being a
1800 bit of a cowboy, but I know we absolutely need protective
1801 security contractors. The role of security contractors is
1802 much different than the role of the military.

1803 But I also want to say that I feel that the State
1804 Department could do a better job of enforcing and holding
1805 contractors accountable, and I think they are going to make a
1806 point that they are willing to have this reviewed by an
1807 outside party and then have us look at it.

1808 Now, saying that, I also want to say the number of times
1809 that you all have to protect member of Congress is
1810 infinitesimal compared to all the civilians you have to
1811 protect.

1812 One of the outrageous, in my judgement, is that there
1813 haven't been more members who have gone there and, frankly,
1814 that some members who have never been there are passing
1815 judgment on what we are doing there. They are behind a desk
1816 with no sense of what is happening there.

1817 I am in awe of what your men and women and they have
1818 been mostly men, have done to protect our civilians. I am

1819 | absolutely in awe of it. You know you can't be perfect, but
1820 | in one way you have been perfect if this is true.

1821 | Tell me, from June of 2004 to the end of that year, how
1822 | many missions you protected or let me say it this way, if you
1823 | don't know how many missions you protected, how many people
1824 | you protected were wounded or killed in 2004?

1825 | Mr. PRINCE. No, sir, we have never had anyone seriously
1826 | injured.

1827 | Mr. SHAYS. I am going to do year by year. Did you have
1828 | anyone wounded or killed in 2004?

1829 | Mr. PRINCE. No, sir.

1830 | Mr. SHAYS. Did you have anybody wounded or killed in
1831 | 2005?

1832 | Mr. PRINCE. No, sir.

1833 | Mr. SHAYS. These are the people you are trying to
1834 | protect.

1835 | Mr. PRINCE. I mean wounded, yeah. A big IED ruptured an
1836 | eardrum. That is the most serious level there.

1837 | Mr. SHAYS. Did you have anyone wounded or killed in
1838 | 2006?

1839 | Mr. PRINCE. People that we were protecting?

1840 | Mr. SHAYS. Yes.

1841 | Mr. PRINCE. No.

1842 | Mr. SHAYS. Did you have anyone who was wounded or killed
1843 | in 2007 that you were to protect?

1844 Mr. PRINCE. No, sir.

1845 Mr. SHAYS. That is a perfect record, and you don't get
1846 any credit for it for some reason.

1847 Now, were any of your people killed in 2004, trying to
1848 protect the civilians?

1849 Mr. PRINCE. Yes, sir.

1850 Mr. SHAYS. Were any of your people killed in 2005,
1851 trying to protect civilians?

1852 Mr. PRINCE. Yes, sir.

1853 Mr. SHAYS. Were any of your people killed in 2006,
1854 trying to protect civilians?

1855 Mr. PRINCE. Yes, sir.

1856 Mr. SHAYS. Were any of your people killed by trying to
1857 protect the civilians in 2007?

1858 Mr. PRINCE. Yes, sir.

1859 Mr. SHAYS. Every year, you have had men who have risked
1860 their lives and who have been killed, fulfilling their
1861 mission, and they have succeeded 100 percent, and I just want
1862 to be on record as thanking you for an amazing job that you
1863 do.

1864 I have been to Iraq 18 times. I have been outside the
1865 umbrella four times. It is one dangerous place. I have seen
1866 films where vehicles come up to our troops or to our security
1867 people, and they are blown up in it.

1868 You have done an amazing task, and there is a huge

1869 | difference from being a police officer or protective and
1870 | being the military, a totally different role.

1871 | I have had no one in the military say to me, I want to
1872 | guard all these civilians. The last thing you want is to
1873 | have humvees and Army take civilians who are meeting other
1874 | civilians like our State Department with that kind of
1875 | precedent, and the military would not do it. They are not
1876 | going to be in a Suburban. They are going to be in what
1877 | their protocol requires.

1878 | The protocol is totally different. We need security
1879 | people who do their job.

1880 | Thank you for doing a perfect job in protecting the
1881 | people you are required to protect.

1882 | I yield back.

1883 | Mr. PRINCE. Thank you, sir. It is an honor to do the
1884 | work.

1885 | Chairman WAXMAN. The gentleman's time has expired.

1886 | Before I recognize Mr. Davis, I want to put in the
1887 | record, a statement from the Special Inspector General in
1888 | Iraq from July 2004, that indicates that the security guards
1889 | and two helicopters for Bremer, sole source directed; the
1890 | security for inner ring Republican presidential compound, Al
1891 | Rashid Hotel, sole source; the security for Al-Rashid Hotel,
1892 | sole source to Blackwater.

1893 | Mr. SHAYS. I reserve my right to object. Would the

1894 | gentleman say was that under Bremer or after Bremer?

1895 | Chairman WAXMAN. This is in 2004. It would have been
1896 | Bremer.

1897 | Mr. SHAYS. So it was under Bremer, not since we
1898 | transferred power to the Iraqis.

1899 | Chairman WAXMAN. I don't know the answer to that. This
1900 | document only refers to the period of time.

1901 | Mr. SHAYS. Under Mr. Bremer. I don't object.

1902 | [The referenced information follows:]

1903 | ***** INSERT *****

1904 Mr. RYAN. Mr. Chairman, may I have minute, please? May
1905 I have a minute, please? One minute, please?
1906 Chairman WAXMAN. Yes.
1907 Mr. PRINCE. Thank you, sir.
1908 Chairman WAXMAN. Thank you.
1909 Mr. Davis.
1910 Mr. DAVIS OF ILLINOIS. Thank you, Mr. Chairman.
1911 Mr. Prince, throughout your testimony and in other
1912 comments attributed to you, you have praised the Blackwater
1913 personnel on the ground in Iraq, but mistakes do, in fact,
1914 happen. You do admit that Blackwater personnel have shot and
1915 killed innocent civilians, don't you?
1916 Mr. PRINCE. No, sir. I disagree with that.
1917 I think there have been times when guys are using
1918 defensive force to protect themselves, to protect the package
1919 they are trying to get away from danger. There could be
1920 ricochets. There are traffic accidents. Yes. This is war.
1921 You know since 2005, we have conducted in excess of
1922 16,000 missions in Iraq and 195 incidences with weapons
1923 discharged. In that time, did a ricochet hurt or kill an
1924 innocent person? That is entirely possible.
1925 Again, we do not have the luxury of staying behind to do
1926 that terrorist crime scene investigation to figure out what
1927 happened.
1928 Mr. DAVIS OF ILLINOIS. Well, according to a document we

1929 | obtained from the State Department on June 25th, 2005,
1930 | Blackwater guards shot and killed an innocent man who was
1931 | standing by the side of the street. His death left six
1932 | children alone with no one to provide them support.

1933 | Are you familiar with this incident?

1934 | Mr. PRINCE. I am somewhat familiar with that incident.

1935 | I believe what happened, it was a car bomb or a
1936 | potential car bomb had rapidly approached our convoy. I
1937 | believe our guys shot rounds at the car, not at the driver,
1938 | to warn them off. One of those rounds, as I understand,
1939 | penetrated through the far side of the car, ricocheted and
1940 | injured that innocent or killed that innocent man.

1941 | Mr. DAVIS OF ILLINOIS. Well, again, according to the
1942 | State Department document, this was a case, "involving the
1943 | PSD personnel who failed to report the shooting, covered it
1944 | up and subsequently were removed from Al-Hillah."

1945 | The State Department described the death as "the random
1946 | death of an innocent Iraqi."

1947 | Do you know why Blackwater officials failed to report
1948 | this shooting and later tried to cover it up?

1949 | Mr. PRINCE. I can clarify that fully, sir. Thanks for
1950 | asking that question.

1951 | There was no cover-up because our people reported it to
1952 | the State Department. They did look into the shooting and
1953 | the justification of it, and it was deemed to be an

1954 | appropriate use of force. The man was fired because he had
1955 | tried to cover it up. He panicked and had asked the other
1956 | team members to cover it up and to not report it.

1957 | We discovered that through our, I mean our policy
1958 | worked. We reported the incident to the State Department, and
1959 | that is why you folks have it in the Committee because we
1960 | fired the guy. He was terminated not for an inappropriate
1961 | shooting but for not following the reporting procedure.

1962 | Mr. DAVIS OF ILLINOIS. Well, was there any reason this
1963 | report was not provided to the Committee?

1964 | Mr. PRINCE. I don't know, sir. I will have to. I will
1965 | look into that and get back to you.

1966 | Mr. DAVIS OF ILLINOIS. Well, the same document states
1967 | that the State Department contacted Blackwater headquarters
1968 | to encourage you to offer this man's family, compensation.
1969 | After this shooting of an innocent man and after the
1970 | attempted cover-up, Blackwater paid \$5,000 to the family.

1971 | Is that not correct?

1972 | Mr. PRINCE. I believe that was paid through the State
1973 | Department. That is similar to what DoD does, what the Army
1974 | does if there is an accidental death from whether it is an
1975 | aerial bomb, a tank backs over somebody's car or injures
1976 | someone. There is compensation paid to try to make amends,
1977 | but that was done through the State Department.

1978 | That was not paid to try to hush it up or cover it up.

1979 That is part of the regular course of action. There was no
1980 cover-up because our guys reported the incident, and the
1981 company fired him for not reporting the incident.

1982 Mr. DAVIS OF ILLINOIS. Can you tell me how it was
1983 determined that this man's life was worth \$5,000?

1984 Mr. PRINCE. We don't determine that value, sir. That is
1985 kind of an Iraqi-wide policy. We don't make that one.

1986 Mr. DAVIS OF ILLINOIS. Do you know how many payments
1987 Blackwater has made to compensate innocent Iraqis or their
1988 families for deaths or injuries caused by Blackwater
1989 personnel?

1990 Mr. PRINCE. I do not know that, sir.

1991 Mr. DAVIS OF ILLINOIS. Do you know what the total value
1992 of those payments might be?

1993 Mr. PRINCE. No, sir.

1994 Mr. DAVIS OF ILLINOIS. Could you supply the Committee
1995 with that information?

1996 Mr. PRINCE. Yes, sir. I will make sure we get it back
1997 to you.

1998 Mr. DAVIS OF ILLINOIS. Thank you very much.

1999 Mr. Chairman, what I am concerned about is the lack of
2000 accountability. If one of our soldiers shoots an innocent
2001 Iraqi, he or she can face a military court martial. But when
2002 a Blackwater guard does this, the State Department helps
2003 arrange a payout to make the problem go away. This seems to

2004 | be a double standard, and it is causing all kinds of problems
2005 | in Iraq.

2006 | Chairman WAXMAN. The gentleman's time has expired.

2007 | Mr. Platts.

2008 | Mr. PLATTS. Thank you, Mr. Chairman. I appreciate your
2009 | holding this hearing.

2010 | Mr. Prince, I appreciate your testimony and want to
2011 | thank you personally for your five years of service to our
2012 | Nation as a Navy SEAL and also, having been to Iraq five
2013 | times, for the dedication of your colleagues for delegations
2014 | I have been part of and certainly many others as well. We
2015 | are grateful for their courageous service.

2016 | Your contract, and it has been discussed already, is
2017 | under the Worldwide Personal Protective Services Contract.
2018 | My understanding is under that contract, there are specific
2019 | terms of conduct including rules of engagement with the use
2020 | of force. Is that correct?

2021 | Mr. PRINCE. Yes, sir, that is correct.

2022 | Mr. PLATTS. You testified about, as an example of the
2023 | seriousness with which your company takes the conduct of your
2024 | employees, of 122 individuals that have been fired for
2025 | misconduct. Are you able to give us what number of those
2026 | were related to violations regarding use of force rules of
2027 | engagement, specifically?

2028 | Mr. PRINCE. I believe the Committee report listed it.

2029 Don't quote me on it. I think it says in the Committee
2030 report around 10 or 15. I am not sure. It is in the
2031 Committee report.

2032 Mr. PLATTS. You accept that information as accurate?

2033 Mr. PRINCE. That is a weapons violation. That could
2034 mean a dirty gun or possession of some unauthorized firearm.
2035 We have very clear rules. We are only issued. The
2036 Government issues us our weapons, even down to scopes. We
2037 are specified as to which optical device we can put on the
2038 weapon. Some guys get fired because they put, they like an
2039 aimpoint instead of an ACOG.

2040 Mr. PLATTS. Of those 10 to 15, they may not all be
2041 related to use of force, misuse of force.

2042 Mr. PRINCE. Yes, sir, correct.

2043 Mr. PLATTS. A number of times you were asked about in
2044 addition to firing and fining and removing the person from
2045 your employment and from Iraq, about what criminal actions
2046 you took, and you appropriately stated you are not a law
2047 enforcement entity. You are a private company.

2048 That being said, though, is it accurate to say that
2049 where there is a criminal investigation by the Department of
2050 Justice or Department of State pursuing, that you provide
2051 any information that your company has about misconduct?

2052 Mr. PRINCE. Yes, we fully cooperate in the Christmas Eve
2053 incident and any other ones that State Department or Justice

2054 Department wants to look at.

2055 Mr. PLATTS. Thank you, Mr. Chairman. That is all of my
2056 questions.

2057 Again, my thanks to Mr. Prince and his colleagues for
2058 their service.

2059 Chairman WAXMAN. Would the gentleman yield some of his
2060 time to me?

2061 Mr. PLATTS. Yes, Mr. Chairman.

2062 Chairman WAXMAN. Thank you.

2063 The point I want to ask you, Mr. Prince, is we
2064 appreciate what you have done, but it looks like a lot of
2065 people in the U.S. Military don't appreciate it. One man, an
2066 Army colonel, Teddy Spain, said, "I personally was concerned
2067 about any of the civilians running around on the battlefield
2068 during my time there. My main concern is with their lack of
2069 accountability when things went wrong."

2070 Another senior U.S. Military official said, "We had
2071 guys who saw the aftermath," meaning the aftermath of your
2072 activities there. "It was very bad. This is going to hurt
2073 us badly."

2074 Then we had Secretary of Defense Robert Gates: "These
2075 incidents may be uncommon. We don't know how common they
2076 are, but let's assume that they are uncommon. I believe that
2077 they still have disproportionate impact on the Iraqi people.
2078 We have people who are conducting themselves in a way that

2079 | makes them an asset in this war, not a liability.''

2080 | You are not answerable to the U.S. Military, are you?

2081 | You report to the State Department? You are under

2082 | contract with State, isn't that right?

2083 | Mr. PRINCE. In Iraq, we report to the State Department,

2084 | but if I could just add.

2085 | Chairman WAXMAN. So your people are under the same rules

2086 | as the U.S. Military.

2087 | Mr. PRINCE. We operate under defensive rules of

2088 | engagement.

2089 | Mr. DAVIS OF VIRGINIA. Will the gentleman yield?

2090 | Mr. PLATTS. Actually, Mr. Chairman, if I could reclaim

2091 | my time in responding.

2092 | Mr. Prince, you provided the Committee a detailed list

2093 | of the regulations, treaties, laws that you operate under, is

2094 | that correct?

2095 | Mr. PRINCE. Yes, sir.

2096 | Mr. PLATTS. That includes items that relate to both

2097 | Department of State and Department of Defense?

2098 | Mr. PRINCE. It includes laws like MEJA, the UCMJ, all of

2099 | which we can be held accountable. Our people can be held

2100 | accountable for while operating overseas.

2101 | Let me just ask, answer, Mr. Chairman, about whether we

2102 | are adding value to the military or not.

2103 | I have to say my proudest professional moment was about

2104 | a year and a half ago. I spoke at the National War College.
2105 | After my speech, a colonel, a full bird colonel, came up to
2106 | me afterwards. He said, I just came back from brigade
2107 | command in Baghdad, and he had four or five thousand guys
2108 | working for him.

2109 | He said, as his guys were driving around the city, on
2110 | the top of their dashboards of their humvees were the
2111 | Blackwater call signs and the frequencies because his
2112 | soldiers knew that if they got in trouble, the Blackwater
2113 | guys would come for them. They would come to their aid and
2114 | assist them, med evac them and help them out of a tough spot.

2115 | So if that is the reputation we have, I--

2116 | Chairman WAXMAN. The Brigadier General Karl Horst said,
2117 | ``These guys run loose in this country and do stupid stuff.``

2118 | Mr. PLATTS. Mr. Chairman.

2119 | Chairman WAXMAN. ``There is no authority over them, so
2120 | you can't come down on them when they escalate force.``

2121 | Mr. PLATTS. Mr. Chairman.

2122 | Chairman WAXMAN. ``They shoot people, and someone else
2123 | has to deal with the aftermath. It happens all over the
2124 | place.``

2125 | Security contractors in Iraq are under scrutiny after
2126 | shootings.

2127 | What do you say?

2128 | Mr. PRINCE. Sir, I can also tell you there is 170-some

2129 security companies operating through Iraq. We get painted
2130 with a very broad brush of a lot of the stuff they do.

2131 On almost weekly basis, we get a contact from someone in
2132 DoD, some talk somewhere that says, oh, three Blackwater guys
2133 were just taken hostage here. Four guys were killed there.
2134 Oh, you were involved in a shooting over here.

2135 When we fully investigate, we didn't have any teams of
2136 guys within 100 miles of that location, but if a private
2137 security contractor did it, it often gets attributed to us.

2138 Chairman WAXMAN. Regardless of what private security
2139 contractor does it, it is a problem for the United States.

2140 Mr. Platts, you were kind enough to yield me time.
2141 Without objection, I would like to give to you another 30
2142 seconds.

2143 Mr. PLATTS. If you could, I was going to yield to the
2144 Ranking Member. Thank you, Mr. Chairman.

2145 Mr. DAVIS OF VIRGINIA. I appreciate your questions, but
2146 let me just say, Mr. Chairman, for the sake of argument, you
2147 are right. If we are paying too much and getting too little,
2148 what is the answer? More troops in Iraq? Less safe troops?
2149 Less safe diplomats or less safe members?

2150 I mean this is the tradeoff. This is what we are trying
2151 to explore here. They are contractors.

2152 At the end of the day, we have to look to the Government
2153 who is contracting this out, putting down the rules of

2154 engagement, and they will be on our next panel. He is just
2155 performing his contract at this point, and I think we have
2156 questions that we can ask the State Department.

2157 But the alternatives, none of them are attractive when
2158 you are in a war zone.

2159 Chairman WAXMAN. The gentleman's time has expired.

2160 Mr. Tierney.

2161 Mr. TIERNEY. Thank you, Mr. Chairman.

2162 Mr. RYAN. Mr. Chairman, may I have one minute, please?

2163 We do not need to leave. One minute, please.

2164 Chairman WAXMAN. Yes, go ahead.

2165 Mr. RYAN. Thank you.

2166 Chairman WAXMAN. Without objection, I would like to ask
2167 that Mr. Davis and I, during this moment, have a minute each
2168 because I would like to say something that doesn't involve a
2169 question and you might want to respond to it.

2170 The point I want to make, you raise that very essential
2171 question, what do we do if we don't have enough troops there?

2172 Well, I think we have to look at the fact that this
2173 isn't a short term war. We have been five years. It looks
2174 like we may be there another 10 years. Even General Shinseki
2175 said we need more troops.

2176 At some point, you have to make a decision in this
2177 battlefield, in this war. If we don't have enough troops to
2178 do the job, then we should get more troops. But if we are

2179 going to go on the cheap to get private contractors, we are
2180 not on the cheap at all. It is costing us more money, and I
2181 believe it is costing us problems, causing us problems with
2182 the Iraqi people.

2183 Let's let the military replan this. It seems to me we
2184 have had bad decisions from this Administration too much of
2185 the time in handling this whole war, planning for it
2186 adequately and staffing it adequately with the U.S. Military.
2187 They are the ones that ought to be doing this job.

2188 Mr. Davis.

2189 Mr. DAVIS OF VIRGINIA. Mr. Chairman, I understand, but
2190 let me just say troops that are there are not paid to protect
2191 civilians. That is not what military troops are trained for.

2192 I went through officer basic course in Georgia at Fort
2193 Benning. I went through basic training at Fort Ord. That is
2194 not what troops are trained for when they go out into the
2195 battle zone.

2196 This is a unique responsibility. It is through the
2197 State Department, not the Department of Defense. As we will
2198 hear from the next panel, our troops are not, at this point,
2199 being trained to do this kind of work. This is a different
2200 kind of process.

2201 Now if we want to train them to do that, we can do that,
2202 but that hasn't been the history throughout the last 50 years
2203 of the military that I am aware of. So we then have to

2204 | decide from a cost-benefit perspective.

2205 | I think this is an important conversation to have, but
2206 | to date that is not the contractors' fault. I think our
2207 | argument would be with the State Department.

2208 | Chairman WAXMAN. I want to yield to Mr. Tierney, but
2209 | Blackwater and the private military recruit from our
2210 | military. So these people are trained to the job that
2211 | Blackwater and other private military people are asking them
2212 | to do. So why can't the military do it?

2213 | I think they could do it if we had enough military
2214 | personnel.

2215 | Mr. DAVIS OF VIRGINIA. Sir, I would like Mr. Prince to
2216 | respond, but I am sure they retrain them. They don't just
2217 | take raw recruits out. Could I just ask him to respond?

2218 | Mr. PRINCE. Yes, sir. There was an earlier allegation
2219 | about companies like us raiding the ranks of the Special
2220 | Operations community for this kind of work, and the GAO
2221 | report found that, yes, they are getting out and working for
2222 | companies like us, but they are not getting out at any higher
2223 | rate than they ever did before.

2224 | So, they are, instead of becoming a financial analyst or
2225 | an accountant or some other kind of businessmen, they come to
2226 | work for companies like Blackwater, but they are not getting
2227 | out at any rate higher than they ever did before.

2228 | If I could just correct two slight errors I made. We

2229 | did not have any fatalities of Blackwater personnel in 2006.

2230 | One of the contracts I testified to as being under the
2231 | GSA schedule was, in fact, sole source. We will get you the
2232 | very detailed information as to which contracts were GSA and
2233 | which were sole source. I am not qualified to answer that
2234 | right now.

2235 | Chairman WAXMAN. Thank you. We will receive any
2236 | documents you have.

2237 | Mr. DAVIS OF VIRGINIA. Mr. Chairman, if I could just
2238 | have a minute. I think that one of the things we want to get
2239 | to in this and later hearings is if the mission is going to
2240 | be four or five or six years, do you want to change the
2241 | mission of the military, but that is not the contractors'
2242 | fault. Our argument there is with the Defense Department and
2243 | the State Department.

2244 | Mr. PRINCE. I strongly encourage the Congress to sponsor
2245 | true activity-based cost studies. What does it cost the Air
2246 | Force to move a pound of cargo in a war zone? What does it
2247 | cost to put a brigade in the field or train it and to equip
2248 | it? All these basic functions, even what is the hourly cost
2249 | of aircraft doing refueling?

2250 | Chairman WAXMAN. We are going to have you answer some
2251 | more questions, I am sure, along those lines.

2252 | Mr. Tierney, it is your turn.

2253 | Mr. TIERNEY. Are you certain, Mr. Chairman?

2254 Thank you.

2255 Mr. Prince, thank you for being here today. We have
2256 been discussing a little bit here about the goal of this
2257 particular venture here. I think that General Petraeus has
2258 been pretty clear that he would like to change it from the
2259 type of war it has been to one where he wants to defeat
2260 insurgents, and that entails, in significant part, winning
2261 the hearts and minds.

2262 So I want to read to you this quote:

2263 "Counterinsurgents that use excessive force to limit short
2264 term risk alienate the local populace. They deprive
2265 themselves of support or tolerance of the people. This
2266 situation is what insurgents want. It increases the threat
2267 they pose."

2268 Do you know who made that statement?

2269 Mr. PRINCE. Do I know who made that statement?

2270 Mr. TIERNEY. Yes.

2271 Mr. PRINCE. No, sir.

2272 Mr. TIERNEY. That was General Petraeus. You know he was
2273 the one who wrote the official counterinsurgency manual.

2274 It does appear from some of the evidence here, though,
2275 that Blackwater and other companies, sometimes at least,
2276 conduct their missions in ways that lead exactly in the
2277 opposite direction that General Petraeus wants to go, but
2278 that doesn't mean you are not fulfilling your contractual

2279 obligations.

2280 In a recent report, there was a quote from Ann Exline
2281 Starr who is a former Coalition Provisional Authority
2282 Advisor. She talks about the fact that the private mission is
2283 different from the overall public operation. "Those, for
2284 example, doing escort duty are going to be judged by their
2285 bosses solely on whether they get their client from point A
2286 to point B, not whether they win Iraqi hearts and minds along
2287 the way."

2288 She goes on to talk about the fact that soldiers, when
2289 they escorted her because they are able to escort people in
2290 training for that, often times also interacted with the Iraqi
2291 community and did things to ingratiate themselves to the
2292 Iraqis.

2293 The contractors, by contrast, focused only on the
2294 contract. She said what they told her was our mission is to
2295 protect the principal at all cost. If that means pissing off
2296 the Iraqis, too bad, her language, not mine.

2297 Another counterinsurgency expert is Army Colonel Peter
2298 Mansoor. Earlier this year, he made a statement about
2299 private military contractors, and he said, "If they push
2300 traffic off the roads or if they shoot up a car that looks
2301 suspicious, they may be operating within their contract, but
2302 it is to the detriment of the mission which is to bring
2303 people over to our side."

2304 So when we look at Blackwater's own records that show
2305 that you regularly move traffic off the roads and you shoot
2306 up cars in over 160 incidents of firing on suspicious cars,
2307 we can see, I think, why the tactics you use in carrying out
2308 your contract might mitigate against what we are trying to do
2309 in the insurgency.

2310 Retired Army officer, actually, he is a conservative
2311 analyst now, Ralph Peters. He was more blunt about it. He
2312 said, ''Armed contractors do harm COIN, counterinsurgency
2313 efforts. Just ask the troops in Iraq.''

2314 We have had complaints from military leaders over and
2315 over again that the ways that some contractors operate in
2316 Iraq are causing danger and anger against the United States
2317 forces. Let me give you one example. For most of 2005, the
2318 Army's Third Infantry Division was in charge of security in
2319 Baghdad.

2320 Here is what the deputy commander of this division,
2321 Brigadier General Karl Horst, said about Blackwater and other
2322 private military contractors: ''These guys run loose in this
2323 Country and do stupid stuff. There is no authority over
2324 them, so you can't come down on them when they escalate
2325 force. They shoot people, and someone else has to deal with
2326 the aftermath. It happens all over the place.''

2327 Are you familiar with General Horst, sir?

2328 Mr. PRINCE. No, sir. I have never met him.

2329 Mr. TIERNEY. Well, here is what Colonel Hammes said when
2330 he was an officer in Iraq. He said, "The problem is in
2331 protecting the principal, they had to be very aggressive and
2332 each time they went out, they had to offend locals, forcing
2333 them to the side of the road, being overpowering and
2334 intimidating, at times running vehicles off the road, making
2335 enemies each time they went out."

2336 So they were actually getting our contract exactly as we
2337 asked them to, at the same time hurting our counterinsurgency
2338 effort.

2339 This goes on again back to Colonel Peter Mansoor who
2340 said, "I would much rather see basically all armed entities
2341 in a counterinsurgency operation fall under the military
2342 chain of command."

2343 The CENTCOM Commander, Admiral James Fallon, who we all
2344 know now for his current work, his quote is: "My instinct
2345 is that it is easier and better if they were in uniform and
2346 working for me."

2347 Can you see and appreciate, Mr. Prince, why there might
2348 some contradiction between what we are asking your
2349 organization and other like it to do under the contract as
2350 opposed to what we are trying to do as a military force in
2351 counterinsurgency?

2352 Mr. PRINCE. Sir, I understand the challenges that the
2353 military faces there.

2354 | Like I said before, there is 170 some companies doing
2355 | business in Iraq. Most of those security contractors are
2356 | DoD. I think the DoD officers would even complain about their
2357 | lack of reach over their own DoD Corps of Engineers, MNSTC-I
2358 | type contractors.

2359 | Second, we know we are part of the total force in trying
2360 | to get the mission accomplished. Of the 16,000 missions our
2361 | guys have done, only 195 resulted in any kind of discharge of
2362 | a weapon. That is less than 1 percent. So we strive for
2363 | perfection, but we don't get to choose when the bad guys
2364 | attack us.

2365 | You know the bad guys have figured out. The terrorists
2366 | have figured out how to make a precision weapon with a car
2367 | loaded with explosives with a suicidal driver.

2368 | Mr. TIERNEY. Just to interrupt you for a second, you are
2369 | not asserting that every time that you take affirmative
2370 | action it was somebody firing at you first. You do
2371 | acknowledge that, on some occasions at least, it was a
2372 | preventive act on your part of your people.

2373 | Mr. PRINCE. Yes, sir, but this is what happens when our
2374 | guys are not able to prevent a suicide car bomb. This
2375 | happened. This blew up three Blackwater personnel and one
2376 | State Department security officer up in Mosul.

2377 | It tossed a 9,000 pound armored Suburban 50 feet into
2378 | the side of a building, followed by a whole bunch of small

2379 | arms fire from the rooftops, a very serious ambush, killed
2380 | four Americans that fast.

2381 | Mr. TIERNEY. My question was that you are not disputing
2382 | the fact that on some occasions when your people might be
2383 | afraid that something like that is going to happen, that they
2384 | may fire first, ask questions later.

2385 | Mr. PRINCE. Sir, like I said the bad guys have made a
2386 | precision weapon. The Air Force has a system called a DIRCM,
2387 | Directional Infrared Countermeasures. It is used to break
2388 | the lock of an incoming surface to air missile. It shines a
2389 | laser in the seeker head. The missile breaks lock, and it
2390 | veers away.

2391 | We have to go through a use of force continuum to try to
2392 | break the lock of this potential deadly suicide weapon: hand
2393 | and arm signals, sirens, signs at the back of the vehicles,
2394 | water bottles, pen flares, shots to the radiator, shots to
2395 | the windshield before we even go to a lethal force option.

2396 | So our guys do go through it, but they--

2397 | Mr. TIERNEY. Well, some of the evidence indicates that--

2398 | Chairman WAXMAN. The gentleman's time has expired.

2399 | Mr. TIERNEY. Mr. Waxman, I would like to just finish up
2400 | my thought if I might. I think there has been fairly good
2401 | estimation on the part of the Committee here.

2402 | Chairman WAXMAN. If you can do it in seconds rather than
2403 | minutes.

2404 Mr. TIERNEY. Thank you.

2405 The point being made is that there are instances--you
2406 are not denying--when people shoot first on that.

2407 When you multiply that by the number of times it happens
2408 and the number of people and Iraqis, that are implicated in
2409 those situations, the number of people that they tell, it
2410 goes against our counterinsurgency effort and it goes to the
2411 issue of whether or not we ought to have military personnel
2412 doing the job, whether this is an inherently Government
2413 function that we ought to have done on the public side of it
2414 as opposed to having contractors who, by what we are seeing
2415 here today, really don't have much accountability being
2416 exercised over them by either the State Department or the
2417 Department of Defense.

2418 I yield back, Mr. Chairman.

2419 Chairman WAXMAN. The gentleman yields back the rest of
2420 his time.

2421 The Chair now recognizes Mr. Duncan.

2422 Mr. DUNCAN. Thank you, Mr. Chairman.

2423 Mr. BURTON. Excuse me, Mr. Chairman.

2424 Mr. Prince, did you want to respond to what was said?

2425 Chairman WAXMAN. That wasn't a question. That was a
2426 statement by the member.

2427 Mr. BURTON. Well, I know, but when an allegation.

2428 Chairman WAXMAN. Mr. Duncan is recognized.

2429 Mr. BURTON. Mr. Chairman, when an allegation is made.
2430 Chairman WAXMAN. Mr. Duncan is recognized. You are
2431 using his time.

2432 Mr. PRINCE. I will get it, Mr. Burton. It is all right.

2433 Mr. DUNCAN. Thank you, Mr. Chairman.

2434 The Washington Post reported yesterday. It said Army
2435 General David H. Petraeus, the top U.S. Commander in Baghdad,
2436 overseeing more than 160,000 troops, makes roughly \$180,000 a
2437 year or some \$493 a day. That comes out to less than half
2438 the fee charged by Blackwater for its senior manager of a
2439 34-man security team.

2440 Our Committee memorandum says using Blackwater instead
2441 of U.S. troops to protect embassy officials is expensive.
2442 That is putting lightly. Blackwater charges the Government
2443 \$1,222 per day for the services of a private military
2444 contractor. This is equivalent to \$445,000 per year, over six
2445 times more than the cost of an equivalent U.S. soldier.

2446 This war has produced some of the most lavish, most
2447 fiscally excessive and most exorbitantly profitable contracts
2448 in the history of the world. It seems to me that fiscal
2449 conservatives should feel no obligation to defend this type
2450 of contracting. In fact, it seems to me that fiscal
2451 conservatives should be the ones most horrified by this.

2452 I notice in the table that Blackwater's contracting has
2453 gone from \$25 million in 2003, \$48 million in 2004, to \$593

2454 million in 2006. If we are going to be there another 10
2455 years, as some have said, I surely hope that we are not going
2456 to continue to see these types of ridiculously excessive
2457 increases in the contracts that are being handed out.

2458 I also notice that Blackwater is a subsidiary of the
2459 Prince Group, of Prince Group Holdings and that another one
2460 of the holdings of that firm is Presidential Airways, an
2461 aviation company that has held a contract with the U.S. Air
2462 Force Air Mobility Command.

2463 Mr. Prince, can you tell me what percentage of Prince
2464 Group Holdings comes from Federal contracts of all or any
2465 types?

2466 Mr. PRINCE. Could you say the question again, sir? I
2467 didn't quite hear you.

2468 Mr. DUNCAN. Can you tell me? I don't know all the
2469 companies that are in your Prince Group Holdings.
2470 Apparently, there is a Presidential Airways. I don't know
2471 how many other companies there are.

2472 What I am wondering about is how much of Prince Group
2473 Holdings comes from Federal contracts of any and all types?

2474 Mr. PRINCE. Most of Prince Group Holdings comes from
2475 Federal contracts, but if I could just come back and answer
2476 your statement about prices that we charge, that \$1,222.

2477 Mr. DUNCAN. When you say most, does that mean 100
2478 percent?

2479 Mr. PRINCE. No.

2480 Mr. DUNCAN. Rough guess, what percentage?

2481 Mr. PRINCE. Rough guess, 90 percent.

2482 Mr. DUNCAN. Do you still have a contract with
2483 Presidential Airways with Air Force Mobility Command?

2484 Mr. PRINCE. Yes, sir.

2485 Mr. DUNCAN. Rough guess, how much is that contract each
2486 year?

2487 Mr. PRINCE. I don't know what the exact number is, sir.
2488 It is for eight aircraft right now. I don't know what they
2489 price out at.

2490 Mr. DUNCAN. What other companies are in Prince Group
2491 Holdings?

2492 Mr. PRINCE. There is a long list. I have a
2493 manufacturing business that has nothing to do with Federal
2494 stuff, and we make pieces and parts for automotive,
2495 appliance, industrial, power. We compete the likes of the
2496 Japanese and Koreans and European companies every day.

2497 Mr. DUNCAN. All right.

2498 Mr. PRINCE. But if I could just answer the question
2499 about how much we charge, those are competitively bid prices.
2500 The \$1,222 cited in the report is not accurate.

2501 You also, the Committee should have received this. I
2502 don't know if you have seen that. It lays out base year bill
2503 rates for an average security guy. Base year is \$981, not

2504 \$1,222, and our profit on that, projected to be 10.4 percent,
2505 nothing higher.

2506 And on top of that, I can tell you we have three
2507 helicopters that have been shot down this year, a Little Bird
2508 and two Bell 412s. Those are company helicopters, and when
2509 they go down that comes out of our hide. We have to
2510 self-insure on those.

2511 So the risks we take, the financial risks, whenever an
2512 aircraft is doing a mission for the State Department or
2513 responding to some med evac need, above and beyond the
2514 statement of our contract, trying to pull a U.S. soldier out
2515 of bad, wounded situation, we take that risk as a company,
2516 and our guys do themselves at great personal peril.

2517 So it is not just about the money. We are business. We
2518 try to be efficient and excellent and deliver a good service.

2519 We are happy to have that argument, sir, not the
2520 argument, the discussion. Sponsor an activity-based cost
2521 study. What would it cost the Diplomatic Security Service to
2522 bring all those folks in house as staff?

2523 Look at it. We are happy to have that argument. If the
2524 Government doesn't want us to do this, we will go do
2525 something else, but there is plenty of case to be made and
2526 plenty of spreadsheets to be analyzed.

2527 Chairman WAXMAN. The gentleman's time has expired.

2528 The Chair now recognizes Mr. Clay.

2529 | Mr. CLAY. Thank you, Mr. Chairman.

2530 | Mr. Prince, I am truly disturbed by reports of
2531 | Blackwater contractors wreaking havoc on innocent Iraqi
2532 | citizens. I am equally troubled that taxpayers have been
2533 | taken for a ride by paying six times the cost of a U.S.
2534 | soldier for Blackwater contractors.

2535 | Now, Mr. Prince, you have argued that Blackwater
2536 | provides a cost-effective service to the U.S. Government in
2537 | part because by hiring private contractors the Government can
2538 | avoid paying carrying costs such as training, salaries and
2539 | benefits.

2540 | Yet, in your written testimony, you state that
2541 | Blackwater personnel are all military veterans and law
2542 | enforcement veterans, many of whom had recent military
2543 | deployments. Since so many of your employees have recently
2544 | left Government service, doesn't that mean they have received
2545 | years of specialized training at the expense of the Federal
2546 | Government?

2547 | Mr. PRINCE. People serve the U.S. Government for
2548 | different periods of time, and that is a choice they make and
2549 | have been making since the U.S. has had a standing military.
2550 | They serve for four years. They serve for six. They serve
2551 | for 20 or 30.

2552 | Mr. CLAY. So the U.S. taxpayers are paying for that
2553 | training.

2554 Mr. PRINCE. They are paying for that anyway. We provide
2555 a vehicle, a mechanism for the U.S. Government to utilize
2556 that sunk cost that they have put into the training for these
2557 people. We reorganize it and package in a way to fill these
2558 gaps that the U.S. Government has in these kinds of
2559 contingency operations.

2560 To stand up a thousand-man or actually you need a three
2561 thousand-man, at least, military police brigade to do this
2562 kind of work because for every person that is deployed, they
2563 are going to have two more back stateside, one in training
2564 and one in standdown.

2565 So you spin that meter, and the costs get big very
2566 quickly. So we are just reorganizing those skills that the
2567 Government has already paid for and putting them back to
2568 work.

2569 Mr. CLAY. Last week, Defense Secretary Robert Gates
2570 expressed concern that Blackwater and other private military
2571 contractors are actually poaching the military's ranks,
2572 luring service members away with much higher salaries.

2573 When Secretary Gates testified before the Senate
2574 Appropriations Committee, he said he asked Pentagon officials
2575 to work on drafting non-compete clauses in order to put some
2576 limits on the ability of these contractors to lure highly
2577 trained soldiers out of our forces to go and work for them.

2578 How do you feel about non-compete clauses, Mr. Prince?

2579 Mr. PRINCE. I think that would be fine, but the fact is
2580 everyone that joins the military doesn't necessarily serve 20
2581 years. So, at some point, they are going to get out after
2582 four, six, eight, whatever that period of time is, whatever
2583 they decide because we don't have a draft. We have a
2584 voluntary service.

2585 I think it would be upsetting to a lot of soldiers if
2586 they didn't have the ability to go use the skills that they
2587 have accumulated in the military to go work in the private
2588 sector because you could make the same case about aviation
2589 mechanics, jet engine mechanics, guys that work on a reactor
2590 on a submarine. All those skills have direct correlation to
2591 the private sector. I don't think putting in non-competes
2592 for them would do well to draw guys into the military in the
2593 front side either.

2594 Again, the GAO study found that the Special Operations
2595 community, yes, folks are getting out and they go to MBA
2596 school. They become some other private sector job. Yes, a
2597 lot of them come to work for companies like us but not at any
2598 higher rate than they ever did before.

2599 Mr. CLAY. Well, I mean if the Pentagon adopts the
2600 non-compete clause, it certainly indicates to me that the
2601 Secretary is really concerned about you all poaching on our
2602 service personnel, and that is what it indicates to me.

2603 Let me also say to the viewers of C-SPAN today. This

2604 Congress, some in this Congress and the Administration seem
2605 to be steeped in hypocrisy as far as taking these frequent
2606 flies to the Green Zone in Baghdad. When you look, they are
2607 some of the same ones who would never lift a rifle to defend
2608 this Country in Vietnam but yet ridicule and criticize those
2609 who have not traveled to Baghdad.

2610 I just want the American public to be aware that some in
2611 here are steeped in hypocrisy.

2612 I yield back my time, Mr. Chairman.

2613 Chairman WAXMAN. The gentleman's time has concluded.

2614 The gentleman from Idaho, Mr. Simpson.

2615 Mr. TURNER. Thank you, Mr. Chairman.

2616 I come from Ohio, and Ohio is known frequently as the
2617 Heartland, and in the Heartland there are a few things that
2618 are easy that are not so easy in Washington, D.C. Even in
2619 Hollywood, some of these things are easy, and those are the
2620 issues of who is on our team and who is on their team.

2621 Today, I am a little saddened by this hearing because I
2622 am absolutely a supporter of Congressional oversight and
2623 believe this Committee has incredible functions that we have
2624 to do. Our witness today even talked about being a
2625 contractor, the questions that we should be asking of
2626 reliability, accountability, cost. A lot of the information
2627 we have before us is about dollars, rules of engagement and
2628 the like.

2629 But what unfortunately dissolves into our team versus
2630 their team, by any account, by Hollywood's account, by the
2631 performance account, Blackwater is our team. They are our
2632 team working in the trenches and in a war zone.

2633 I haven't heard many questions on this Committee about
2634 the rules of engagement or the limits on the work of Al-Qaeda
2635 or the insurgents. In fact, I don't recall one hearing in
2636 this Committee where there has been indignation or troubling
2637 responses as a result of the senseless and heartless killings
2638 of Al-Qaeda and the insurgents, but I hear today huge
2639 concerns over what we must exert as oversight on Blackwater.
2640 I think it crosses the line between our team and their team.

2641 Blackwater has questions to answer, and I believe that
2642 they are prepared to do that and today have come forward to
2643 do those things, but we should not go to the extent of
2644 undermining Blackwater's ability to perform as our team.

2645 The Washington Post today, in its editorial in reviewing
2646 how this issue has come to light, stated, "Congressional
2647 Democrats despise the firm because it symbolizes the private
2648 contracting of military missions that many oppose in
2649 principle."

2650 This is the Washington Post saying that the
2651 Congressional Democrats are despising this firm because of
2652 its engagement in military missions that they oppose.

2653 The Washington Post goes on to say, "At the same time,

2654 | it is foolish''--that is a pretty strong word for the
2655 | Washington Post.

2656 | ''At the same time, it is foolish to propose the
2657 | elimination of private security firms in Iraq and
2658 | Afghanistan, at least in the short term.''

2659 | I would hope as we continue our important functions of
2660 | oversight that we don't undermine our team.

2661 | Now, Mr. Chairman, you made a comment that I have to
2662 | respond to in your opening statement. It is written in your
2663 | opening statement, and it says, ''As a general rule, children
2664 | from wealthy and politically connected families no longer
2665 | serve in the military.''

2666 | Mr. Chairman, that is an attack on our team. I can tell
2667 | you that Duncan Hunter, former Chairman of the Armed Services
2668 | Committee, currently Ranking Member, whose son served in
2669 | Iraq, would disagree with you. Joe Wilson with the Armed
2670 | Services Committee, whose son served, would disagree with
2671 | you.

2672 | I can tell you that the DoD in its report on social
2673 | representation in the U.S. Military Services and the GAO in
2674 | their September 22nd, 2005 report would disagree with you.

2675 | Quoting from the DoD report, it says, ''Our Population
2676 | Representation Report shows both a diversity and quality of
2677 | the total force. Men and women of various racial and ethnic
2678 | groups, of divergent backgrounds, from every State in our

2679 | Country serve as active and selective reserve, enlisted
2680 | members and officers of the Army, Navy and Marine Corps and
2681 | Air Force and Coast Guard.

2682 | ''On particular note, the mean cognitive ability and
2683 | educational levels of these Soldiers, Sailors, Marines,
2684 | Airmen and Coast Guardsmen are above the average of
2685 | comparatively aged U.S. citizens.''

2686 | The GAO, in their report, similarly confirms that
2687 | between 1974 and 2000, the force became older and better
2688 | educated.

2689 | So I would hope that the comments by the Chairman are
2690 | not interpreted as what I heard them as, as diminishing the
2691 | abilities and the backgrounds of those who serve in our
2692 | military.

2693 | Mr. Prince, my question for you, you are free of some of
2694 | the limiting acquisition rules that our military is subject
2695 | to. A general has a different ability to be able to acquire
2696 | something as you do corporately.

2697 | Could you give us some insight as to how our acquisition
2698 | rules inhibit our military in performing some of the things
2699 | that you do and ways in which we can change those acquisition
2700 | rules to deliver to them the things that they need?

2701 | Mr. PRINCE. Thanks for that question.

2702 | I would say we find that the requirements process for
2703 | the military constantly looks for the 120 percent solution,

2704 and it overspecs the electronic capability. I mean there is
2705 an enormous amount of extra stuff and capability put on a
2706 vehicle that might not be necessary to just fulfill that job.

2707 I mean if you are going to, you could almost buy
2708 vehicles just planned on for Iraq right now, almost off the
2709 shelf, without having to plan about net-centric warfare and
2710 all the other bells and whistles that sometimes the DoD wants
2711 to put on things. So we buy to solve the situation at hand.

2712 Chairman WAXMAN. The gentleman's time has expired.

2713 I want to apologize to the gentleman for indicating that
2714 he is from a different State than Ohio. He is a proud
2715 Ohioan, and I certainly want to agree with him. I hope
2716 nobody misinterprets my comments.

2717 I would like to now call on Ms. Watson.

2718 Ms. WATSON. Then I want an apology for the reference to
2719 Hollywood. That is the area that I represent here.

2720 I heard the Chair apologize. I just had to tail-in on
2721 that one.

2722 I want to commend Mr. Prince for his duties, for his
2723 skill and for his heading up Blackwater.

2724 However, when I hear that one of the patron saints of
2725 some people, Rush Limbaugh, called our soldiers, who have
2726 been critical of the experience in Iraq, phony soldiers, I am
2727 offended and you should be offended too.

2728 There was a sign over there earlier, Mr. Chair, the

2729 General Petraeus satire, and I had sent a message that it
2730 should be taken down because it was insulting to people.

2731 I think that people that call our soldiers, who speak
2732 from experience, phony, ought to be made to apologize.

2733 Mr. ISSA. Would the gentlelady from Hollywood yield for
2734 a question?

2735 Ms. WATSON. No, I will not yield because I have just a
2736 little time.

2737 Let me say this. I am really concerned when it comes to
2738 privatizing the various struggles that we are having in a war
2739 zone.

2740 I am looking at a book here that says Blackwater: The
2741 Rise of the World's Most Powerful Mercenary Army. That is
2742 really disturbing to me because I feel that every young man
2743 and woman or every man and woman in the military ought to be
2744 paid for their service, and I think you are making a good
2745 argument for the amount of money that you have been paid,
2746 your organization.

2747 I think my question is do you feel that we ought to
2748 continue on with privatizing the kinds of duties that our
2749 military should be trained to execute?

2750 Mr. PRINCE. Ma'am, the United States Military is the
2751 finest, most powerful military in the world, bar none.

2752 Ms. WATSON. Absolutely, and they should be paid
2753 accordingly.

2754 Mr. PRINCE. It is designed for large-scale conventional
2755 operations, what they did to Saddam in 1991 and then again in
2756 2003.

2757 Ms. WATSON. Well, then there is something wrong with the
2758 design, and that is my point. I think you responded, and I
2759 hear you clearly. You are providing a service, and I commend
2760 you.

2761 Let me just continue on.

2762 You are providing a service, and those little voids, Mr.
2763 Chairman and Committee members, ought to be filled by the
2764 young, the people who volunteer. We have no draft. These
2765 are volunteers.

2766 Why should they put their lives on the line for this
2767 Country and not be compensated, so their families back at
2768 home don't have to go on welfare and are living in housing
2769 that is substandard?

2770 I am just infuriated, not with you, but with the fact
2771 that our State Department and our Department of Defense
2772 cannot see their way. They talk about we don't have the
2773 money, saving money. This war is costing a trillion dollars.

2774 You have been paid over a billion dollars and will
2775 continue to be paid so that you can buy the helicopters that
2776 are shot down.

2777 And so, my question to you, are we going to have to
2778 continue to privatize because we are not training to do what

2779 | you do and would it not be better to hire you to train our
2780 | military to do the kind of guarding of VIP personnel?

2781 | Whenever there is CODEL, you have to guard them. When
2782 | people from the State Department come, you have to guard them
2783 | because we say that our military is not prepared and not
2784 | trained to do that.

2785 | Mr. PRINCE. Well, ma'am, I am happy to say that we do a
2786 | significant amount of training for the U.S. Military every
2787 | day at our couple of facilities we have around the Country.

2788 | Ms. WATSON. But you are saying that you fill in a
2789 | specialty area.

2790 | Mr. PRINCE. It is a specialty gap, high-end personal
2791 | security.

2792 | Ms. WATSON. My question that I throw out to all of us is
2793 | why can't we train these people who are willing, who have
2794 | courage to go into the military, but then we have to bring on
2795 | a private firm to do the job they should be trained to do and
2796 | pay them three or four times more than we pay those who
2797 | choose to serve their Country by fighting in theater?

2798 | Mr. PRINCE. The military could do that, but the U.S.
2799 | Military can't be all things to all people all the time.

2800 | Ms. WATSON. Why not?

2801 | Chairman WAXMAN. The gentlelady's time has expired.

2802 | Mr. PRINCE. The tyranny of shortage of time and
2803 | distance. I mean you can't have anti-air missile guy also be

2804 | doing PSD missions and knowing how to be an aviation
2805 | mechanic. It is too broad of a base of skill requirement.
2806 | Ms. WATSON. We need more people.
2807 | Chairman WAXMAN. Mr. Issa.
2808 | Mr. ISSA. Thank you, Mr. Chairman.
2809 | Mr. RYAN. Mr. Chairman, may I have one minute?
2810 | Chairman WAXMAN. Thank you.
2811 | Mr. Issa.
2812 | Mr. ISSA. Thank you, Mr. Chairman.
2813 | Boy, there are so many accuracies, so little time.
2814 | Perhaps let's start with something from the gentlelady from
2815 | Hollywood. Isn't it true that, in fact, the military's
2816 | mission has historically not been to guard either VIPs or the
2817 | State Department as a whole?
2818 | Mr. PRINCE. Correct, yes, sir.
2819 | Mr. ISSA. Isn't it true that, in fact, your organization
2820 | works under the regional security officer for Baghdad?
2821 | Mr. PRINCE. Yes, sir.
2822 | Mr. ISSA. Isn't it true that contractors have been used
2823 | directly and indirectly, in other words, non-Federal
2824 | employees in places Beirut, Afghanistan, Bosnia, under the
2825 | Clinton Administration, routinely?
2826 | Isn't there a historic time in which we used non-career
2827 | RSOs or foreign service officers for these jobs?
2828 | Mr. PRINCE. Since the founding of the republic.

2829 Mr. ISSA. Okay, so, we are not talking about the
2830 military here at all including, with all due respect, to
2831 Secretary Gates. Somebody, if the State Department recruited
2832 for the positions you are presently providing, they would be
2833 in all likelihood recruiting either current or prior
2834 military, wouldn't they?

2835 Mr. PRINCE. Yes, sir.

2836 Mr. ISSA. Is it reasonable for the State Department to
2837 own attack helicopters or Bell helicopters that are
2838 weaponized?

2839 Mr. PRINCE. Well, that is up to them, and our
2840 helicopters aren't weaponized.

2841 Mr. ISSA. Let's look at it another way. Outside of the
2842 two theaters, Afghanistan and Iraq, do you know of any place
2843 in which the State Department owns or directly controls
2844 weapons, gunships, if you will, to protect convoys?

2845 Mr. PRINCE. They do some crop eradication, some cocaine
2846 eradication work in Colombia. That is the only place I know.

2847 Mr. ISSA. Okay. So this is an unusual mission and one
2848 that begs for not creating a career position for foreign
2849 service helicopter pilot. There would only be about two or
2850 three places they would ever be, isn't that true?

2851 Mr. PRINCE. Well, actually, those are all flown by
2852 contractors as well, sir, down in Colombia.

2853 Mr. ISSA. I am very well aware of that, and that is the

2854 | point, I guess. We are having a hearing that is supposed to
2855 | not be about your company and supposed to not be about one
2856 | incident on September 16th. It is supposed to be about cost
2857 | effectiveness of contractors, isn't it?

2858 | Mr. PRINCE. Yes, sir.

2859 | Mr. ISSA. I wish we were bringing in facts and figures
2860 | about let's say \$600 billion of DoD contracts or DoD costs
2861 | into one million soldiers so that we could go, well, isn't
2862 | that about \$600,000 for every soldier?

2863 | Isn't, in fact, the cost of the Department of Defense,
2864 | the military far greater than what we pay our men and women
2865 | in uniform at the time that they are in combat?

2866 | Mr. PRINCE. I don't know what those numbers are, sir,
2867 | but that would be a great, fully burdened cost study that
2868 | Congress could sponsor. They don't have to do the whole
2869 | thing, just take some key nodes and really study it.

2870 | Mr. ISSA. Well, and hopefully, we will. Hopefully, we
2871 | will get to serious discussion on these issues because I
2872 | think looking at the costs-benefits should always be done.
2873 | For permanent requirements, I don't want to use contractors
2874 | if, in fact, Federal employees would be more appropriate.

2875 | I will mention one thing. If you are feeling a little
2876 | pressure today, if it is a little tough, just be glad you
2877 | don't make a diabetes drug.

2878 | Mr. PRINCE. To where, sir?

2879 Mr. ISSA. Be glad you don't make a diabetes drug.

2880 Compared to what we did to the Avandia makers,

2881 GlaxoSmithKline, you are getting off easy. Trust me. They

2882 had their product destroyed by jury-rigged testimony and

2883 studies that were essentially co-opted in advance.

2884 But let's just go to one area that I think hasn't been

2885 discussed and others might not discuss it. Is your sister's

2886 name, Betsy DeVos?

2887 Mr. PRINCE. DeVos.

2888 Mr. ISSA. Yes. Is that your sister?

2889 Mr. PRINCE. It is.

2890 Mr. ISSA. Was she a former Michigan Republican Party

2891 Chairwoman?

2892 Mr. PRINCE. Yes, she was.

2893 Mr. ISSA. Was she a pioneer for Bush?

2894 Mr. PRINCE. I don't know. Could be.

2895 Mr. ISSA. Was she a large contributor to President Bush?

2896 Mr. PRINCE. They probably were.

2897 Mr. ISSA. And raised a lot of money for President Bush?

2898 Mr. PRINCE. Could be.

2899 Mr. ISSA. Went to the Republican conventions in 2000 and

2900 2004?

2901 Mr. PRINCE. I would imagine they did, yes.

2902 Mr. ISSA. Isn't it true that your family, at least that

2903 part of the family, are very well known Republicans?

2904 Mr. PRINCE. Yes.

2905 Mr. ISSA. Wouldn't it be fair to say that your company
2906 is easily identified as a Republican-leaning company and, in
2907 fact, the Amway Company somewhat so because of family members
2908 there?

2909 You don't have to speculate overly, but isn't that
2910 generally something you understand?

2911 Mr. PRINCE. Blackwater is not a partisan company. We
2912 haven't done any, you know. We execute the mission given us,
2913 whether it is training Navy Sailors or protecting State
2914 Department personnel.

2915 Yes, I have given individual political contributions. I
2916 have done that since college, and I did it when I was an
2917 active duty member of the Armed Services, and I will probably
2918 continue doing that forward. I don't give that. I didn't
2919 give up that right when I became a defense contractor.

2920 Mr. ISSA. Right.

2921 Chairman WAXMAN. The gentleman's time has expired.

2922 Mr. ISSA. Mr. Chairman, just to finish like we did on
2923 the other side of the aisle, I think you are exactly right,
2924 that in fact being identified as partisan Republican, in fact
2925 your company appears to have done what all companies do which
2926 is in fact to operate, to do the job they are doing in a
2927 non-partisan way.

2928 I would hope that this Committee and the public take

2929 | note that labeling some company as Republican-oriented
2930 | because of family members is inappropriate, and I would hope
2931 | that we not do it again.

2932 | I yield back.

2933 | Chairman WAXMAN. Well, the only who has done is you.

2934 | [Laughter.]

2935 | Mr. ISSA. Mr. Chairman, I think it has been made. I
2936 | think the report made it very clear.

2937 | Chairman WAXMAN. Maybe that is why all the Republicans
2938 | are defending the company.

2939 | Well, Mr. Yarmuth, it is your time.

2940 | Mr. YARMUTH. Thank you, Mr. Chairman.

2941 | Mr. Prince, welcome. Thank you for your testimony.

2942 | Mr. PRINCE. Thank you, sir.

2943 | Mr. YARMUTH. I want to focus on the whole issue of cost
2944 | and profitability, and I want to clarify something. You
2945 | talked at one point about the fact that what you are
2946 | essentially doing is bidding for people who would otherwise
2947 | be able to make as much money as you would be paying them in
2948 | the private sector.

2949 | First of all, some of that defies imagination because we
2950 | are talking about essentially 4 to 5 hundred thousand dollars
2951 | worth of cost per individual per year to the Government which
2952 | would put that individual or that job category in the highest
2953 | 1 percent of income earners in the Country.

2954 So my question to you would be, and this is not in any
2955 way to impugn or to minimize the value of Navy SEALs, but
2956 outside of a military setting, where could a Navy SEAL, for
2957 those talents, make \$400,000 to \$500,000 if it weren't for a
2958 Government contract?

2959 Mr. PRINCE. I don't know of any of our people that have
2960 made \$400,000 to \$500,000 working as a contractor. They are
2961 not getting paid that much.

2962 They get paid for every day they are in the hot zone.
2963 So it is very much like a professional mariner's existence.
2964 They go to sea. They get paid every day they are in the hot
2965 zone. The day they leave, their pay goes to zero.

2966 Average pay, hypothetically, around \$500 a day. We
2967 don't pay the \$1,000 a day. That is a huge misperception.
2968 It is a flat-out error in the media.

2969 So if you take \$15,000 a month and they work for 6
2970 months, it is \$90,000.

2971 Mr. YARMUTH. But that is not the cost of that job to the
2972 American taxpayer.

2973 Mr. PRINCE. Yes, sir, but they are not showing up at the
2974 job naked. They need uniforms, equipment, body armor, boots,
2975 everything you wear from head to toe, their training, their
2976 travel, their insurance, sometimes their food.

2977 I mean there are very, very sophisticated price models
2978 that we bid competitively for, hundreds and hundreds of line

2979 items. Believe me, our folks earn a lot of electrons putting
2980 those price models together because you really got to know
2981 what you are doing on the front end. But, again, it is a
2982 competitively bid product.

2983 Mr. YARMUTH. Well, I appreciate that, and I want to
2984 pursue that a second, but I do have in front of me an invoice
2985 from Blackwater to the Department of State in which one of
2986 the items is invoice quantity, 3,450 units each at a cost of
2987 \$1,221.62. That is your invoice.

2988 Mr. PRINCE. I am not sure what that invoice is. Could I
2989 see that, sir?

2990 Mr. YARMUTH. I would be happy to submit that for the
2991 record.

2992 We dealt several months ago with a situation in which I
2993 don't believe your company was a subcontractor for the State
2994 Department or a contractor. You were a subcontractor. I am
2995 talking about the incident in Fallujah where four of your
2996 employees were ambushed and killed, and we had testimony from
2997 two of their wives and two of their mothers several months
2998 ago.

2999 In the course of that testimony, it was we were told
3000 that they had actually contracted, each of them, at a rate of
3001 \$600 a day. That is what they were to be paid. By the time
3002 it got to the American taxpayer, it was around \$1,100 a day.
3003 You were the third subcontractor under a contract given to

3004 | KBR, as I recall, Halliburton, then a Halliburton subsidiary.
3005 | And we asked the question of all of those subcontractors,
3006 | did anybody add value up the ladder for that additional \$500
3007 | based on--and we asked, did they provide any special
3008 | equipment, any special services, whatever. And the answer
3009 | was no.

3010 | So in that case, that is not your profit, but it
3011 | appeared to us that by and large that additional \$500 that
3012 | the American taxpayer paid for that one person was largely
3013 | profit to three different corporations. Now, can you shed
3014 | any light on that situation? And I don't believe, that was,
3015 | I think, a Defense Department contract and KBR was just
3016 | delivering supplies to troops and you were guarding the
3017 | convoys.

3018 | Mr. PRINCE. That could easily be. I am not completely
3019 | familiar with the contracting and subcontracting arrangement
3020 | that you are speaking of. But I can tell you, with our work
3021 | with the State Department, we are direct to the State
3022 | Department and there is no other intermediary adding cost or
3023 | not adding value.

3024 | Mr. YARMUTH. One other question I want to ask. You made
3025 | the comparison, again, about that we have to bid for these
3026 | people. But isn't there a significant distinction, I
3027 | understand if we, the military trains a pilot and then the
3028 | pilot goes out and is bid for by commercial aircraft and so

3029 | forth, that is the private sector bidding. But in this
3030 | situation, the American taxpayers are bidding against
3031 | themselves. Because we trained Navy SEALs, Navy SEALs then
3032 | go into your employ, then the Navy has to bid, as I
3033 | understand, in one report, \$100,000 to get them back.

3034 | But we are bidding against ourselves, aren't we? We are
3035 | not bidding against another external competitor.

3036 | Mr. PRINCE. The nature of the demand of this, especially
3037 | a group of Blackwater, even before 9/11, it grew after the
3038 | Cole was blown up, that Navy ship. Now, in a post-9/11
3039 | world, you have a lot of different demands for those kinds of
3040 | skill sets that are in much higher demand than they were in
3041 | the late 1990s. So that is the changing nature of the
3042 | market.

3043 | Chairman WAXMAN. The gentleman's time has expired.

3044 | Mr. McHenry? Oh, I am sorry. Mr. Westmoreland.

3045 | Mr. WESTMORELAND. Thank you, Mr. Chairman.

3046 | Just to clarify a little bit about who is calling who a
3047 | Republican company, I want to read from a December 13th, 2006
3048 | letter from Callahan and Blaine to Ms. Pelosi, Mr. Waxman,
3049 | Senator Dorgan, Senator Reid, Representative Chris Van
3050 | Hollen: ``Nonetheless, as American citizens, we hereby
3051 | petition to you to initiate support and continue the
3052 | Congressional investigations into war profiteering and
3053 | specifically Blackwater's conduct. Now that there has been a

3054 | shift in power in Congress, we are hopeful that your
3055 | investigation, as well as the investigations by Senator
3056 | Dorgan and Senator Waxman, will be taken seriously by these
3057 | extremely Republican companies such as Blackwater, who have
3058 | been uncooperative to date and that these investigations will
3059 | be fruitful and meaningful.''

3060 | And Mr. Prince, you may recognize that name, because I
3061 | believe they also are the attorneys for some people who are
3062 | suing you.

3063 | Mr. Prince, first of all, let me give you a little
3064 | background, probably, as to why you are here. There is a
3065 | party in Congress that does not like companies who show a
3066 | profit. If you are wealthy, they figure you should have paid
3067 | more taxes or that you are a crooked businessman. They do
3068 | not understand someone who is an entrepreneur and offers a
3069 | valuable service that is above its competitors and that is
3070 | based at a competitive price.

3071 | They want to fight a war with no casualties. They
3072 | exploit our children, whether it is with a plan that will
3073 | socialize medicine in this Country or the horrible situation
3074 | when innocent children are victims of an act of war. They
3075 | often have hearings such as this to bias lawsuits that their
3076 | crony lawyer friends may be handling.

3077 | There is no cost too high for them for citizens to pay,
3078 | citizens of this Country, whether it is the price of personal

3079 integrity or more of their wealth, as long as it moves
3080 forward with the ultimate goal of distribution of wealth of
3081 the successful for the takers of this world.

3082 They love to have their cake and eat it too, though.
3083 For instance, they think the Iraqi government is corrupt and
3084 inept, but yet they question you about taking one of your
3085 former employees out of the country with the government's
3086 permission. Another example, they say the military should be
3087 doing your job, yet they don't want additional troops sent to
3088 the theater.

3089 One more example, Mr. Prince, is they complain about
3090 what our military personnel make, and then they complain
3091 about what you pay the same people that they complained about
3092 making so little. So you can see that there is some
3093 confusion.

3094 I also want to point out to you that 9 of the 22 members
3095 on this panel that voted voted that they agreed with
3096 MoveOn.org's attack on General Petraeus.

3097 Let me ask you, Mr. Prince, well, let me say, some of
3098 Blackwater's critics have stated that the firing of personnel
3099 has been surprisingly frequent. Have you or your managers
3100 ever fired an employee for doing a good job?

3101 Mr. PRINCE. Not that I know of.

3102 Mr. WESTMORELAND. I don't think anybody does, do they?
3103 So if one of your employees was doing a bad job or not

3104 meeting your criteria, then those were some of the people
3105 that you got rid of, right?

3106 Mr. PRINCE. If they don't hold to the standard, they
3107 have one decision to make: window or aisle.

3108 Mr. WESTMORELAND. And Mr. Prince, what kinds of
3109 professional backgrounds do most of your security personnel
3110 have?

3111 Mr. PRINCE. All of our personnel working on the
3112 WPPS-type contract come from the U.S. military or law
3113 enforcement community. They have a number of years of
3114 experience doing that kind of work, ranging from 5, 8 years
3115 up to 20 or 30 years of experience. They are discharged
3116 honorably, most of them are decorated. They have gotten out
3117 of the military to choose to take another career path. So we
3118 give them the ability to use those skills back again working
3119 for the U.S. Government.

3120 And let me just say, we are not a partisan organization.
3121 That is not on the interview form when you come to work for
3122 Blackwater, what party you affiliate with at all. We
3123 affiliate with America. And the idea that people call us
3124 mercenaries, we have Americans working for America,
3125 protecting Americans.

3126 Mr. WESTMORELAND. And I think you do a very good job.

3127 Mr. PRINCE. And the Oxford Dictionary defines a
3128 mercenary as a professional soldier working for a foreign

3129 | government. And Americans working for America is not it.
3130 | Yet we have a handful of, we call them third country national
3131 | folks, folks from Latin America, they guard some gates and
3132 | they guard some camps. They don't leave that area, they are
3133 | static guards. Our PSD guys are Americans working for
3134 | America.

3135 | Chairman WAXMAN. The gentleman's time has expired.

3136 | Mr. Braley?

3137 | Mr. BRALEY. Thank you, Mr. Chairman. Mr. Prince, my
3138 | best friend married Mary Lubbers, whose father and
3139 | grandfather were the presidents at Hope College.

3140 | Mr. PRINCE. Small world.

3141 | Mr. BRALEY. So I want to start by asking you about a
3142 | statement you made on page three of your written statement
3143 | that you shared with the Committee, where you wrote, "The
3144 | company and its personnel are already accountable under and
3145 | subject to numerous statutes, treaties and regulations of the
3146 | United States." And then you went on and attached to your
3147 | statement a list of existing laws, regulations and treaties
3148 | that apply to contractors and their personnel. Is that the
3149 | document that I am holding up that you attached?

3150 | Mr. PRINCE. Yes, sir.

3151 | Mr. BRALEY. Is it your testimony today, under oath, that
3152 | all Blackwater employees working in Iraq and Afghanistan are
3153 | subject to the Uniform Code of Military Justice, the Military

3154 | Extra-Territorial Jurisdiction Act and the War Crimes Act?

3155 | Mr. PRINCE. It is my understanding that is the case,
3156 | yes, sir.

3157 | Mr. BRALEY. All right, well, let's look at this
3158 | document, I want to ask you about it. This document, the
3159 | Uniform Code of Military Justice, applies in the time of
3160 | declared war. You would agree that there has been no
3161 | declared war in Iraq or Afghanistan?

3162 | Mr. PRINCE. No, but I believe it has been amended to
3163 | include contingency operations.

3164 | Mr. BRALEY. Is it your understanding that a contingency
3165 | operation would apply to what is going on in Iraq and
3166 | Afghanistan?

3167 | Mr. PRINCE. I am not a lawyer, but my layman's
3168 | understanding is yes.

3169 | Mr. BRALEY. All right. And then it says to persons
3170 | serving with or accompanying an armed force in the field. Do
3171 | you see that?

3172 | Mr. PRINCE. I don't have it in front of me, but you are
3173 | reading from it.

3174 | Mr. BRALEY. Well, I am just reading from the document
3175 | that you provided to us.

3176 | Mr. PRINCE. Right.

3177 | Mr. BRALEY. If that is what the Uniform Code of Military
3178 | Justice provides, you would agree that based upon your own

3179 | description of the activities of your company, there are
3180 | times when your employees are not serving with or
3181 | accompanying armed forces in the field.

3182 | Mr. PRINCE. There are times when U.S. military units are
3183 | actually embedded in our motorcades.

3184 | Mr. BRALEY. But to answer my question, there are times
3185 | when your employees are not serving with or accompanying
3186 | armed forces in the field, isn't that correct?

3187 | Mr. PRINCE. Sir, I am not a lawyer. So I am not going
3188 | to give you that level of detail. If you want a clear
3189 | written statement as to the accompanying opinion, I am sure
3190 | the State Department can answer what their opinion is on
3191 | that. But we have looked at it and we feel comfortable that
3192 | our guys could be brought under investigation with those
3193 | ruling legal authorities over their heads.

3194 | Mr. BRALEY. Then let's look at the Military
3195 | Extra-Territorial Jurisdiction Act, Section 3261, Criminal
3196 | Offenses Committed by Certain Members of the Armed Forces and
3197 | by Persons Employed by or Accompanied by the Armed Forces
3198 | Outside the United States. You would agree that there are
3199 | circumstances where your employees would not meet that
3200 | definition based upon their service in Iraq and Afghanistan.

3201 | Mr. PRINCE. I believe that was changed yet again to
3202 | include any U.S.-funded contract.

3203 | Mr. BRALEY. Well, that is the definition that applies to

3204 U.S.-funded contracts from the statute.

3205 Mr. PRINCE. Again, I am not a lawyer, sir. I am sorry.

3206 Mr. BRALEY. Then let's look at the War Crimes Act of
3207 1996, which applies if the perpetrator is a U.S. national or
3208 a member of U.S. armed forces. You would agree based upon
3209 your testimony today that there would be circumstances when
3210 some of your employees would not meet the definition of
3211 perpetrator to be covered by the War Crimes Act.

3212 Mr. PRINCE. Again, I am not sure, sir.

3213 Mr. BRALEY. Well, you testified that you hire some third
3214 country nationals. They would not be U.S. nationals, would
3215 they?

3216 Mr. PRINCE. That is correct.

3217 Mr. BRALEY. And they would not be members of the U.S.
3218 armed forces.

3219 Mr. PRINCE. But they are serving in a U.S. DOD
3220 contingency operation.

3221 Mr. BRALEY. Then let's talk about these payments that
3222 have been made as a result of deaths that were related to the
3223 conduct of Blackwater employees. One of the payments that we
3224 have been provided information about was this \$15,000 payment
3225 to the guard's family who was guarding Iraqi Vice President
3226 Mahdi. Are you familiar with that payment?

3227 Mr. PRINCE. Yes, sir.

3228 Mr. BRALEY. Did you have any input into the

3229 | determination of the amount of that payment?

3230 | Mr. PRINCE. I discussed it with some State Department
3231 | officials, yes.

3232 | Mr. BRALEY. Did you feel that it was a satisfactory
3233 | level of compensation for the loss of that individual?

3234 | Mr. PRINCE. I believe the cash that was paid was
3235 | actually \$20,000, not \$15,000.

3236 | Mr. BRALEY. All right, \$15,000 or \$20,000. Based on the
3237 | information that we have been provided, one of the things we
3238 | know is that Blackwater charges the Government \$1,222 a day
3239 | for the services of some of its employees, is that correct?

3240 | Mr. PRINCE. I believe that number is lower. The chart
3241 | that we provided the Committee shows a blended average
3242 | significantly less than that.

3243 | Mr. BRALEY. Assuming that figure is correct, if you take
3244 | someone your age in the United States and look at the U.S.
3245 | life table, you will find that somebody your age in this
3246 | Country has a life expectancy of 40 years. So if you were
3247 | take that rate of \$1,222 a day, multiply it times 365 days a
3248 | year, multiply it by a 40 year life expectancy, you would get
3249 | a total lifetime earnings payout of \$17,841,200. You would
3250 | agree with me that pales in comparison to a payment of either
3251 | \$15,000 or \$20,000.

3252 | Chairman WAXMAN. The gentleman's time has expired. You
3253 | can answer the question.

3254 Mr. PRINCE. Your calculations there don't make any sense
3255 to me, because that charge, that \$1,200 charge that you are
3256 talking about, claiming that we charge the Government, that
3257 includes aviation support. Some of those helicopters that
3258 got shot down, that comes out of our hide. Gear, training,
3259 travel, all the rest. So I am not quite sure how that math
3260 works out. But I would be happy to get back to you if you
3261 have any written questions.

3262 Chairman WAXMAN. The gentleman's time has expired.

3263 Mr. McHenry?

3264 Mr. MCHENRY. Thank you, Mr. Chairman.

3265 I want to go through a few facts and make sure we have
3266 this on the record. The gentleman is discussing cost, and I
3267 want to sort of understand all the facts before we get to a
3268 conclusion here. You were previously in the Navy SEALs. How
3269 long were you in the military, sir?

3270 Mr. PRINCE. In 1992 through the end of 1996.

3271 Mr. MCHENRY. What is the average time, having been in
3272 the SEALs, perhaps you would know this, what is the average
3273 time a special forces operator is in the service?

3274 Mr. PRINCE. Five or 6 years, up to 20. It really
3275 varies.

3276 Mr. MCHENRY. But based on your experience?

3277 Mr. PRINCE. Guys really make a decision point at about
3278 12 years whether they are going to stay for a career or get

3279 | out. So I would say 10 to 12 years.

3280 | Mr. MCHENRY. All right. Let's say an operator retires
3281 | from the military, at which point a Navy SEAL, average Navy
3282 | SEAL is doing a much more, a much different operation, they
3283 | are dealing with explosives rather than defensive caravans
3284 | and convoys. What do you do with those individuals? Do you
3285 | take Navy SEALs and put them right in there, onto the
3286 | streets? Is there training for Blackwater?

3287 | Mr. PRINCE. The personnel that deploy for us, they go
3288 | through, obviously we have the resumes, we do a criminal
3289 | background check on them. When they have been accepted, when
3290 | the resume has been accepted by the customer, they come in
3291 | for training, they go through another 164 hours of training,
3292 | embedding at Blackwater, tactics, techniques, procedures,
3293 | driving, firearms, defensive tactics. They go through a full
3294 | psychological evaluation, medical/dental exam, physical
3295 | tests, shooting tests. There is a very, very rigorous
3296 | pre-deployment program they all have to do.

3297 | Mr. BRALEY. A significant amount of expense?

3298 | Mr. PRINCE. Yes. And that is all baked into that daily
3299 | cost.

3300 | Mr. BRALEY. Just for the record, when was Blackwater
3301 | formed?

3302 | Mr. PRINCE. In 1997.

3303 | Mr. BRALEY. At what point did you receive your first

3304 Government contract?

3305 Mr. PRINCE. For the first number of years, our customers
3306 were individual SEAL platoons or a Marine recon platoon or an
3307 A team. It was down to the individual team sergeant or
3308 warrant officer paying with a credit card. Our first big
3309 Government contract that we won competitively was the Navy
3310 force protection contract that they started off after the
3311 Cole was blown up. We had a billion and a half dollar ship
3312 blown up by two guys in a Zodiac.

3313 Mr. BRALEY. What year was that?

3314 Mr. PRINCE. We started that in 2001.

3315 Mr. BRALEY. Okay. Who is your client in Iraq?

3316 Mr. PRINCE. Department of State.

3317 Mr. BRALEY. Okay. How many competitors do you have
3318 within this contract?

3319 Mr. PRINCE. There are two others. There was a big
3320 competition before then to be down-selected for the WPPS
3321 contract.

3322 Mr. BRALEY. How is that contract awarded?

3323 Mr. PRINCE. It is awarded competitively. You go through
3324 an enormous proposal process, they come and inspect your
3325 facilities, your training standards, the resumes of each of
3326 your personnel. They even have to accept and inspect the
3327 resumes of the instructors you are going to have. And they
3328 come and audit the program on an almost weekly basis.

3329 Mr. BRALEY. So let's go forward. There are roughly
3330 1,000 Blackwater contractors, operators, these former
3331 veterans that you now have trained that are out securing
3332 embassy staff and a number of civilians in Iraq. Let's say
3333 it is 1,000, just for our purposes here. Roughly how much
3334 administrative staff do you have associated with those 1,000
3335 individuals?

3336 Mr. PRINCE. We run that whole program, instructors,
3337 program management people, that sort of thing, with less than
3338 50 people.

3339 Mr. BRALEY. With less than 50 people?

3340 Mr. PRINCE. Yes, sir.

3341 Mr. BRALEY. So roughly it is 1,000 to 50, is the ratio
3342 from operators in the field to administrative staff?

3343 Mr. PRINCE. Yes, sir.

3344 Mr. BRALEY. All right. Now, there is this notion, we
3345 are not the Armed Services Committee here, but there is this
3346 notion of tooth to tail ratio, which means how many operators
3347 do you have in the field and the expense of them, how much
3348 administration function do you have. In active duty
3349 military, based on your recollection, what is that rough
3350 estimate?

3351 Mr. PRINCE. What is the DOD's tooth to tail ratio?

3352 Mr. BRALEY. Yes.

3353 Mr. PRINCE. I have seen as high as eight to one or even

3354 | twelve to one. One tooth, eight to ten, twelve tails.

3355 | Mr. BRALEY. So one individual in the field, 12
3356 | individuals outside of operating. So the ratio, when these
3357 | people on the Committee talk about the expense of having that
3358 | one operator in the field, it is far less for an individual
3359 | contractor, when you are a private security contractor like
3360 | you are in Iraq, it is far more efficient for the total
3361 | program to have a contractor, because their tooth to tail
3362 | ratio is far better than what it is in the active duty
3363 | military.

3364 | Therefore, the cost of that one operator in the field
3365 | for all the support services they have associated with them
3366 | is far less for a company like Blackwater than it is for the
3367 | active duty military. And can you, and my time is up, but if
3368 | you can actually discuss this with the Committee and maybe in
3369 | a minute or so explain the expense of the overall operations.

3370 | Chairman WAXMAN. The gentleman's time is up, but Mr.
3371 | Prince, you may go ahead and answer.

3372 | Mr. PRINCE. I would just encourage the Committee, and
3373 | would be happy to make some suggestions on areas where you
3374 | could do a true activity-based cost study, what does it cost
3375 | the U.S. Government to do X, Y, Z functions in the field, and
3376 | do an accurate drill-down. Because unless you know what
3377 | something costs, everything before that or after that is
3378 | hyperbole.

3379 Mr. BRALEY. Is it your contention that it is far
3380 cheaper--

3381 Chairman WAXMAN. The gentleman's time really has
3382 expired.

3383 Mr. BRALEY.--for you to operate in the field? I just
3384 want him to answer this question, if I could, Mr. Chairman.
3385 Is it your contention that it is much cheaper to the
3386 taxpayers for your activities as a contractor with the
3387 Department of State than it would be for active duty military
3388 to do the very same task because of that tooth to tail ratio?

3389 Mr. PRINCE. Yes, and because it is tough for the
3390 military to be all things to all people all the time. If
3391 they are going to have air defense artillerymen, all the
3392 other conventional warfare specifications they have to have,
3393 it is tough for them to do all things all the time.

3394 Chairman WAXMAN. If you have some kind of document that
3395 backs up your statement, we certainly would like to see it,
3396 and we would like to ask you to provide it to our Committee.

3397 Mr. PRINCE. Yes, sir.

3398 Chairman WAXMAN. Thank you.

3399 [The information to be provided follows:]

3400 ***** COMMITTEE INSERT *****

3401 Chairman WAXMAN. Ms. McCollum?

3402 Ms. MCCOLLUM OF MINNESOTA. Thank you, Mr. Chair. Mr.
3403 McHenry and I had the opportunity to go to Afghanistan
3404 together, where in fact the military did provide, when we
3405 went out on visits, did provide our security. I also had the
3406 opportunity of being in Iraq, where we had a private security
3407 detail take us from point to point. And I just, there has
3408 been some discussion about who is more caring about getting
3409 on the ground and seeing what is going on, and I just wanted
3410 people to know for the record here that I have been both
3411 places and under both circumstances.

3412 I would like to follow up a little more on what Mr.
3413 Braley was talking about. You provided this chart on
3414 contractor accountability. And you have made the statement
3415 that the DOD can bring charges against your contractors. Can
3416 the Department of State bring charges against your
3417 contractors?

3418 Mr. PRINCE. I believe that would be done by the Justice
3419 Department. They do the prosecuting of those laws.

3420 Ms. MCCOLLUM OF MINNESOTA. Under the CPA Order 17,
3421 contractors have immunity from the Iraqi legal system, is
3422 that correct?

3423 Mr. PRINCE. That is my understanding, yes.

3424 Ms. MCCOLLUM OF MINNESOTA. So if a Blackwater contractor
3425 would commit, as what an investigation might determine would

3426 | be murder, on their own time, it was a Christmas Eve holiday
3427 | that you were describing, or Christmas holiday, do you
3428 | believe the Iraqi government would not be able to charge that
3429 | individual with a crime, even on their own time?

3430 | Mr. PRINCE. That is my understanding, yes.

3431 | Ms. MCCOLLUM OF MINNESOTA. Do you believe that immunity
3432 | should be repealed, if something happens when someone is
3433 | ``off duty`` and an Iraqi is murdered?

3434 | Mr. PRINCE. I believe U.S. laws should be enforced, and
3435 | you can have that justice system back here in America work.

3436 | Ms. MCCOLLUM OF MINNESOTA. So you believe that the
3437 | immunity under CPA Order 17 should stand?

3438 | Mr. PRINCE. I believe so. I am not sure any foreigner
3439 | would get a fair trial in Iraq right now. I think they would
3440 | at least get a fair trial here in the United States.

3441 | Ms. MCCOLLUM OF MINNESOTA. Your charts indicate that
3442 | contractors are accountable under the Uniform Code of
3443 | Military Justice. Your contractors work for the Department
3444 | of State. Is the Department of State accountable under the
3445 | Uniform Code of Military Justice?

3446 | Mr. PRINCE. I will not be presumptuous to answer for the
3447 | Department of State, ma'am.

3448 | Ms. MCCOLLUM OF MINNESOTA. Well, you have provided this.
3449 | You told Mr. Braley that all your employees are under this
3450 | chart. So then you are saying that--

3451 Mr. PRINCE. Well, ultimately that is for the Justice
3452 Department to decide which avenue of jurisdiction they have.

3453 Ms. MCCOLLUM OF MINNESOTA. So this is just what you feel
3454 that people might be held under accountability with your
3455 contract? This is just a feeling you have? You don't know
3456 any of that for a fact, do you?

3457 Mr. PRINCE. I have legal opinions that I respect, put
3458 that together and they gave their opinions that those were
3459 laws that State Department contractors, DOD contractors,
3460 contractors for the U.S. Government could be held accountable
3461 under.

3462 Ms. MCCOLLUM OF MINNESOTA. So whether it is a feeling or
3463 an opinion, you cannot state for a fact, for a fact, that any
3464 of your contractors that have a State Department contract can
3465 be held accountable under the Uniform Code of Military
3466 Justice?

3467 Mr. PRINCE. That is correct, ma'am, because that is for
3468 the Justice Department to decide.

3469 Ms. MCCOLLUM OF MINNESOTA. I think that is important to
3470 clear that up. Do you operate in a military capacity or a
3471 civilian capacity?

3472 Mr. PRINCE. Civilian capacity.

3473 Ms. MCCOLLUM OF MINNESOTA. So now you are saying that
3474 civilians--

3475 Mr. PRINCE. Our men are not serving members of the U.S.

3476 | military.

3477 | Ms. MCCOLLUM OF MINNESOTA. So you are saying that
3478 | civilians can be held accountable to the Uniform Code of
3479 | Military Justice in your opinion?

3480 | Mr. PRINCE. And I believe that is why they extended
3481 | that, not just to wars that were declared but also to
3482 | contingency operations as well.

3483 | Ms. MCCOLLUM OF MINNESOTA. To your knowledge, have there
3484 | been any military courts or civilian courts that have held
3485 | any of the contractors who have been charged or been accused
3486 | of a crime in Iraq?

3487 | Mr. PRINCE. It is my understanding there is a conviction
3488 | of a contractor that was working for the CIA that was
3489 | convicted in North Carolina for actions in Afghanistan.

3490 | Chairman WAXMAN. The gentlelady's time is expired.

3491 | Ms. MCCOLLUM OF MINNESOTA. Thank you, Mr. Chairman.
3492 | Thank you for answering my questions. I appreciate it.

3493 | Chairman WAXMAN. Mr. Jordan.

3494 | Mr. JORDAN. Thank you, Mr. Chairman.

3495 | Mr. Prince, I too want to thank you for your service to
3496 | our Country and for the good work that your company has been
3497 | doing in Iraq and Afghanistan.

3498 | I just want to pick up on a couple of things that the
3499 | Congressman from North Carolina had talked about, just some
3500 | general questions. I know you have been sitting there for

3501 | three hours. Just a few questions, then I am going to yield
3502 | some time to the gentleman from California.

3503 | How many employees, you mentioned before a little bit
3504 | earlier, 1,000 in the field, 50 administrative, but does that
3505 | represent the entire workforce at Blackwater?

3506 | Mr. PRINCE. We have about 550 full-time folks in the
3507 | United States, 1,000, 1,100 or so in Iraq, and then hundreds
3508 | more in little pockets around the world. The next greatest
3509 | concentration would obviously be Afghanistan, there are about
3510 | 300, 400 there.

3511 | Mr. JORDAN. So a couple of thousand?

3512 | Mr. PRINCE. More or less, yes, sir.

3513 | Mr. JORDAN. And you mentioned the extensive training,
3514 | some of the special operations individuals who come to work
3515 | for you after they leave military service and the training
3516 | they undergo, I believe you said earlier that there was a
3517 | study done that shows there is no higher exit rate, or
3518 | quicker exit rate, we will say, because of your company
3519 | versus what typically happens. Is that true?

3520 | Mr. PRINCE. Right. It was a GAO study and it was not
3521 | just directed at us, it was directed at the private security
3522 | industry.

3523 | Mr. JORDAN. And real quickly, in your testimony, your
3524 | opening paragraph, you talk about you provide training to
3525 | America's military and law enforcement communities who then

3526 risk their lives to protect Americans in harm's way overseas.
3527 So are there several types of contracts that your company
3528 does? You do training contract with the Government,
3529 protective contracts, or do you do one contract per year?
3530 Tell me how those work.

3531 Mr. PRINCE. We have a number of different contracts. We
3532 never started this operation to be a security provider. We
3533 started as a training facility. The SEAL teams, special
3534 forces, Marine recon, SWAT teams, those were our customers
3535 for the first few years. The Navy came after the Cole was
3536 blown up. We have trained well over 100,000 sailors since
3537 then on how to protect their ships.

3538 Through one of our affiliates, we do aviation support in
3539 Afghanistan.

3540 Mr. JORDAN. Mr. Prince, how many contracts would you
3541 have right now with the Federal Government? Any idea?

3542 Mr. PRINCE. More than 50.

3543 Mr. JORDAN. Okay.

3544 Mr. PRINCE. Some are very small, some are very big.

3545 Mr. JORDAN. Again, I want to thank you for your service.

3546 And Mr. Chairman, if I could yield to the gentleman from
3547 California.

3548 Mr. ISSA. I thank the gentleman.

3549 I just wanted to point something out, Mr. Prince. Did
3550 you see the memorandum dated October 1st, that is yesterday,

3551 | that is entitled Additional Information about Blackwater USA?
3552 | It comes out of Mr. Waxman's office, it is 15 pages.

3553 | Mr. PRINCE. I did see that, yes.

3554 | Mr. ISSA. Okay. Did you note that on page five, Mr.
3555 | Waxman and/or his staff said the following: ``Blackwater is
3556 | owned by Erik Prince. Mr. Prince is a former Navy SEAL who
3557 | owns the company through a holding company.'' After that, it
3558 | begins to talk about the White House, your father, your
3559 | father-in-law, your sister, et cetera, and basically talks
3560 | about everything I asked you, the Michigan Republican party,
3561 | the donations.

3562 | So Mr. Chairman, hopefully you will appreciate that it
3563 | was your staff that created everything that I brought up, and
3564 | you put it out in writing one day before this hearing. My
3565 | question to you, Mr. Prince, is have you ever seen a bio
3566 | about your life that starts off, you were a Navy SEAL and
3567 | then goes on to everything your sister did on behalf of the
3568 | Michigan party and your Republican credentials? Is this the
3569 | first time you have seen a bio like this?

3570 | Mr. PRINCE. I love my sister very much, but it is not
3571 | often our bios get printed together.

3572 | [Laughter.]

3573 | Mr. ISSA. And you know, it is interesting, because I am
3574 | noticing that for this Committee, a donor search done on the
3575 | 29th of September, at opensecrets.org, was done to find out

3576 | how much money you gave to who. Did you know that?

3577 | Mr. PRINCE. I did not know that.

3578 | Mr. ISSA. Do you think that is really germane to today,
3579 | or do you think that attempts to paint you as a Republican
3580 | supporter?

3581 | Mr. PRINCE. I don't think it is germane to today. I
3582 | think we do good work and I am mighty proud of the folks we
3583 | have doing the work.

3584 | Mr. ISSA. Okay, I heard a rumor that your company or
3585 | someone in your company had given to the Green Party. Do you
3586 | know about that?

3587 | Mr. PRINCE. It could have been.

3588 | Mr. ISSA. Okay. I just wanted to know that there were
3589 | people on both the far left and the far right relative to the
3590 | Chairman who may have benefitted by your company.

3591 | But Mr. Chairman, I would ask that page five of your
3592 | memo be considered as what I called it, an attempt to pain
3593 | this gentleman and his company through Republican eyes to a
3594 | Democrat base for political purposes. And I stand by my
3595 | statement, Mr. Chairman, and yield back to the gentleman from
3596 | Ohio.

3597 | Mr. DAVIS OF VIRGINIA. Could I just ask one
3598 | clarification, Mr. Chairman?

3599 | Chairman WAXMAN. Yes.

3600 | Mr. DAVIS OF VIRGINIA. Your first contract, Mr. Prince,

3601 Government contract, was in 1997, wasn't it?

3602 Mr. PRINCE. Yes. Well, no, our first customer, we
3603 started the business in 1997, first customer was January of
3604 1998.

3605 Mr. DAVIS OF VIRGINIA. First Federal customer--

3606 Mr. PRINCE. That was the SEAL team.

3607 Mr. DAVIS OF VIRGINIA.--that was under the Clinton
3608 Administration?

3609 Mr. PRINCE. Yes, sir.

3610 Mr. DAVIS OF VIRGINIA. Thank you.

3611 Chairman WAXMAN. The gentleman's time has expired.

3612 I would like to now recognize Mr. Cooper.

3613 Mr. COOPER. Thank you, Mr. Chairman.

3614 Mr. Prince, in the charter or by-laws of your
3615 corporation, either the holding company or Blackwater, does
3616 it say explicitly that it will only work for the United
3617 States of America or its entities?

3618 Mr. PRINCE. No, it doesn't. If I could clarify,
3619 anything we do for any foreign government, any training, of
3620 anything from law enforcement training to any kind of
3621 aviation training, tactical flying, any of that stuff, all of
3622 that is licensed back through the State Department, another
3623 part of the State Department.

3624 Mr. COOPER. But you are the owner of the company, the
3625 CEO. If limitations like this are not in the charter and

3626 by-laws, isn't there a risk that should something happen to
3627 you that different management, in order to maximize profits,
3628 might seek contracts from any number of other foreign
3629 countries, like of Vladimir Putin offered a lot of money, why
3630 would you want to turn that down as a business entity?

3631 Mr. PRINCE. Because we would be violating Federal law
3632 and the whole place could be shut down very, very quickly.

3633 Mr. COOPER. But you are assuming a State Department
3634 license would apply.

3635 Mr. PRINCE. Oh, it does.

3636 Mr. COOPER. You are a regular, private company. You
3637 can--

3638 Mr. PRINCE. No, sir, I am sorry. We have to have a
3639 license to train--

3640 Mr. COOPER. I am not talking about training other
3641 people's private police. Say you took some of your former
3642 people who were former Navy SEALs, special forces, whatever,
3643 and they were working for hire, what prevents you in your
3644 current company charter or by-laws, prevents you from hiring
3645 out those people to foreign governments?

3646 Mr. PRINCE. U.S. Federal law does.

3647 Mr. COOPER. Which law?

3648 Mr. PRINCE. Defense Trade Controls Act. Any training,
3649 any security services, any export of any weapons, any
3650 equipment you would use to do that job requires a license.

3651 | And on top of that, this idea that we have this private army
3652 | in the wings is just not accurate. The people we employ are
3653 | former U.S. military and law enforcement people, people who
3654 | have sworn the oath to support and defend the Constitution
3655 | against all enemies, foreign and domestic. They bleed red,
3656 | white and blue. So the idea that they are going to suddenly
3657 | switch after having served honorably for the U.S. military
3658 | and go play for the other team, it is not likely.

3659 | Mr. COOPER. But these are independent contractors or
3660 | employees, they are supposed to do what they are told. And
3661 | is your omission of this key bit of information from the
3662 | charter or by-laws only due to the fact that it would be
3663 | redundant? If it is assumed, why don't you go ahead and put
3664 | it in the charter and by-laws that these people, this company
3665 | will only work for the United States of America and its
3666 | entities? Why wouldn't that be a nice addition to the
3667 | charter and by-laws?

3668 | Mr. PRINCE. That wouldn't make any sense, because we
3669 | have NATO allies helping in Afghanistan, helping the United
3670 | States mission there. And there might be opportunities for
3671 | us to support, provide them with training or aviation support
3672 | or logistics or construction, a lot of other things that
3673 | allies need, especially as the U.S. is trying to build
3674 | capacity around the world. There are a lot of countries that
3675 | need help building out their police departments, giving them

3676 | more counter-terrorism capability.

3677 | Mr. COOPER. Twenty-six NATO allies. So you could work
3678 | for any of them?

3679 | Mr. PRINCE. Twenty-six NATO allies, but more and more,
3680 | the United States is doing FID missions, foreign internal
3681 | defense. We have done a number of successful programs for
3682 | them working with the U.S. Government, where they hire us, we
3683 | go in and we build that capacity and train them and provide
3684 | the equipment, all of which is licensed by the State
3685 | Department. When we apply for that license, it goes to the
3686 | State Department and they farm it out to the relevant part of
3687 | the DOD to control and authorize that licensing. What is the
3688 | curriculum going to be, what tactics, even down to which
3689 | individual in which country is going to be trained, so they
3690 | can do a check on them. So that is all controlled by the
3691 | U.S. Government already, sir.

3692 | Mr. COOPER. On your web site, it says that you were
3693 | contracted to enhance the Azerbaijan Naval Sea Commandos
3694 | Maritime Interdiction capability. Is Azerbaijan a member of
3695 | NATO?

3696 | Mr. PRINCE. No, but that was paid for by the U.S.
3697 | Government.

3698 | Mr. COOPER. Well, let me ask another question.

3699 | Mr. PRINCE. It was part of their regional engagement
3700 | policy. I don't make that policy, sir.

3701 Mr. COOPER. Wouldn't it be nice to put in your charter
3702 and by-laws that you only work for U.S. or U.S.-approved
3703 entities? Why would that be harmful to your company?

3704 Mr. PRINCE. We would be happy to do that. But it is
3705 absolutely redundant, because we can't work for someone that
3706 is not U.S.-approved.

3707 Mr. COOPER. Redundancy is a small objection to making
3708 sure that you are a loyal U.S. company.

3709 Let me ask another question. What if a large company
3710 inside the United States of America wanted to hire your
3711 company for services, say, to break a strike or for other
3712 purposes like that? Is that allowed under your charter and
3713 by-laws?

3714 Mr. PRINCE. That is not something we have even explored.

3715 Mr. COOPER. But it would be permissible under your
3716 current company charter? It is a new line of business
3717 possibly?

3718 Mr. PRINCE. No.

3719 Mr. COOPER. It might be very profitable?

3720 Mr. PRINCE. It is not something we are looking at, not
3721 part of our strategic plan at all, sir.

3722 Mr. COOPER. I know, but you are a mortal human being.
3723 Your company would allow it, according to its current charter
3724 and by-laws?

3725 Mr. PRINCE. Well, I have five boys I am raising, so one

3726 of them perhaps will take over some day.

3727 Mr. COOPER. Why not put it in the charter and by-laws?

3728 Thank you, Mr. Chairman. I see that my time is expired.

3729 Chairman WAXMAN. Mr. Cooper, your time is expired.

3730 Mr. Hodes?

3731 Mr. HODES. Thank you, Mr. Chairman.

3732 Mr. Prince, thank you for being with us today.

3733 Mr. PRINCE. Thanks for having me sir. I am glad I could
3734 come here and correct some facts.

3735 Mr. HODES. There has been some discussion from the other
3736 side of the aisle about whether or not these hearings are
3737 partisan. Do you agree that it is not a partisan issue to
3738 examine whether or not the use of private contractors,
3739 including Blackwater, is advantageous to American taxpayers?

3740 Mr. PRINCE. It is certainly part of the Congress to make
3741 sure the money is spent well that taxpayers pay.

3742 Mr. HODES. And do you also agree that it is not a
3743 partisan issue to inquire whether failures to hold Blackwater
3744 personnel accountable for misconduct undermine our efforts in
3745 Iraq?

3746 Mr. PRINCE. It is a fair enough thing to look into.

3747 Mr. HODES. Earlier today you were asked what action
3748 Blackwater took to penalize an employee who while drunk, shot
3749 and killed an Iraqi security guard for the Iraqi vice
3750 president on Christmas Eve of 2006. Do you recall those

3751 | questions?

3752 | Mr. PRINCE. Yes, sir.

3753 | Mr. HODES. And you responded that Blackwater fired and
3754 | fined the employee, but you are not sure of the amount of the
3755 | fine. Do you recall that?

3756 | Mr. PRINCE. Yes, sir.

3757 | Mr. HODES. Blackwater, at the Committee's request,
3758 | provided the Committee an internal Blackwater e-mail that
3759 | appears to reflect a discussion of what Blackwater did to
3760 | this employee. It is dated Monday, January 8th, 2007,
3761 | approximately two weeks after the incident in question. And
3762 | it says, "Regarding termination, he has forfeited the
3763 | following compensation that he would have otherwise been
3764 | authorized: return airfare, \$1,630; completion bonus, \$7,067;
3765 | 4th of July bonus, \$3,000 and a Christmas bonus of \$3,000."
3766 | Now, it appears to me that the so-called fine consisted of
3767 | taking away the contractor's bonuses and making him pay his
3768 | own way home. Is that accurate?

3769 | Mr. PRINCE. And any forthcoming compensation that he
3770 | had. I don't know when the guy's contract would have ended,
3771 | but yes, we took away whatever else we could.

3772 | Mr. HODES. How long had he worked for your company?

3773 | Mr. PRINCE. I have no idea.

3774 | Mr. HODES. Do you know what he had been paid during the
3775 | time of his employment up to the time he shot and killed the

3776 Iraqi guard?

3777 Mr. PRINCE. I have no idea, sir.

3778 Mr. HODES. Do you have any idea what your profit on that
3779 employee had been up until the time of this incident?

3780 Mr. PRINCE. Probably in keeping with the 10, 10 and a
3781 half percent indicated on our chart.

3782 Mr. HODES. Would you have records that would show us
3783 what you had paid him up until that time and from which we
3784 could find out what profit you had made?

3785 Mr. PRINCE. I am sure we could dig through that and find
3786 it, yes, sir.

3787 Mr. HODES. And would you be willing to provide that to
3788 us?

3789 Mr. PRINCE. I will get my people right on it.

3790 Mr. HODES. I am asking for it now, so I would like to
3791 have that sent. Thank you very much.

3792 Chairman WAXMAN. Without objection, the document you
3793 used for your questioning will be made part of the record.

3794 Mr. HODES. Thank you.

3795 [The referenced information follows:]

3796 ***** COMMITTEE INSERT *****

3797 Mr. HODES. Mr. Prince, you also said that Blackwater is
3798 extremely scrupulous in enforcing your standards. And you
3799 have told us that you did basically all you could to this
3800 employee and that the rest was up to the Department of
3801 Justice. What you did was you took away his bonuses, 4th of
3802 July, completion bonus, Christmas bonus, he paid his own way
3803 home and he couldn't work for you any more.

3804 Mr. PRINCE. And made sure his clearance was canceled as
3805 well.

3806 Mr. HODES. Is that your idea, Mr. Prince, of corporate
3807 accountability?

3808 Mr. PRINCE. Could you say the question again, sir,
3809 please?

3810 Mr. HODES. Is that your idea, Mr. Prince, of corporate
3811 accountability?

3812 Mr. PRINCE. This employee, I can't make any apologies
3813 for what he did. He clearly violated the rules that he knew.
3814 We give each of our guys an independent contractor handbook.
3815 It is all the dos and don'ts of what they are expected to do
3816 and not do.

3817 Beyond firing him for breaking the rules, withholding
3818 any funds we can, we can't flog him, we can't incarcerate
3819 him, we can't do anything beyond that. That is the sole
3820 reservation of the U.S. Justice Department.

3821 Mr. HODES. The Justice Department has not acted against

3822 | this individual?

3823 | Mr. PRINCE. I believe their investigation is ongoing.

3824 | Mr. HODES. They haven't done anything so far, right?

3825 | Mr. PRINCE. We are not privy to that information, sir.

3826 | Mr. HODES. This was a potential murder, was it not?

3827 | Mr. PRINCE. It was a guy that put himself in a bad
3828 | situation.

3829 | Mr. HODES. Would you agree with me that this was
3830 | potentially a murder, sir?

3831 | Mr. PRINCE. Beyond watching detective shows on TV, sir,
3832 | I am not a lawyer, so I can't determine whether it would be a
3833 | manslaughter, a negligent homicide, I don't know. I don't
3834 | know how to nuance that. But I do know he broke our rules,
3835 | he put himself in a bad situation and something very tragic
3836 | happened.

3837 | Chairman WAXMAN. Thank you, Mr. Hodes.

3838 | Mr. Sarbanes?

3839 | Mr. SARBANES. Thank you, Mr. Chairman.

3840 | Actually, I want to follow up on that line of
3841 | questioning a little bit more. I think you said that when
3842 | people violate the rules in a significant way, they have one
3843 | decision left to make, which is aisle or window, right?

3844 | Mr. PRINCE. Because they are fired.

3845 | Mr. SARBANES. They are on their way out, they have one
3846 | decision, and that is whether to sit on the aisle or sit by

3847 | the window.

3848 | And then the other consequence that Mr. Hodes spoke to
3849 | was the financial penalty that they would experience. But it
3850 | just seems like a few thousand dollars, particularly against
3851 | a pretty lucrative contract that they would have had. And it
3852 | strikes me that that if that is the only deterrent that is at
3853 | work in terms of people performing at a high level, that is
3854 | not much. In other words, you can say, well, let me get in
3855 | here, let me make a good living here. And if I screw up, and
3856 | if I screw up in a terrible way, as this one incident
3857 | illustrates, then the worst that is going to happen to me is
3858 | I am going to have to choose between an aisle seat or a
3859 | window seat and maybe give up a bonus and my last paycheck, I
3860 | mean, that is essentially the consequence that they face,
3861 | isn't that right?

3862 | Mr. PRINCE. I would also add that we endeavor to get
3863 | their security clearance pulled, canceled. And once that is
3864 | done, they will never work in a clearance capacity for the
3865 | U.S. Government again, or very, very unlikely.

3866 | Mr. SARBANES. Okay. But you would agree that it is not,
3867 | it doesn't have the same kind of deterrent effect that it
3868 | would have if they thought that they were going to be subject
3869 | to prosecution, if there was a clear set of rules in place, a
3870 | clear context in which they could be prosecuted, they could
3871 | face something akin to a court martial, or all the other

3872 | kinds of measures that can occur if you are in a traditional
3873 | military setting? You would agree that that provides an
3874 | extra level of deterrence?

3875 | Mr. WESTMORELAND. Mr. Chairman, I think the witness has
3876 | already testified that he did everything that his company
3877 | could to this person--

3878 | Chairman WAXMAN. I'm sorry--

3879 | Mr. WESTMORELAND.--and that he is not the prosecutor.

3880 | Chairman WAXMAN.--you are not acting in accordance with
3881 | the rules.

3882 | Mr. SARBANES. Well, I am actually, I am headed in the
3883 | direction--

3884 | Chairman WAXMAN. This is not a court case. The
3885 | gentleman has time and I am going to restore his time. He
3886 | can ask whatever he wants and to say whatever he wants. Some
3887 | people on this Committee have said completely outlandish
3888 | things. Nothing we can do about it. They have their right,
3889 | including you. You read a whole blasphemous statement about
3890 | Democrats, but no one objected to that.

3891 | So the gentleman is going to be recognized for an
3892 | additional minute.

3893 | Mr. SARBANES. In any event, would you agree that that
3894 | would provide some extra deterrence, some extra reason for
3895 | people to exercise their conduct in a careful way?

3896 | Mr. PRINCE. We welcome that level of accountability.

3897 | Most of our people have already served in the U.S. military
3898 | or they served in a law enforcement capacity. They are used
3899 | to that kind of accountability and transparency into what
3900 | they are doing.

3901 | Mr. SARBANES. Well, I appreciate your saying that,
3902 | because I--

3903 | Mr. PRINCE. We are not hiding anything.

3904 | Mr. SARBANES. Yes. I would like to leave aside the
3905 | question of whether you should be, Blackwater should be in
3906 | this space that you are in. I don't know enough about the
3907 | history of whether providing the sort of protective services
3908 | that you do is something that isn't done by the military
3909 | traditionally, or is. So I am going to leave that aside. I
3910 | am also leaving aside the issue of the cost, which strikes me
3911 | as exorbitant, in terms of what the taxpayers are paying
3912 | here. You keep calling for, I think, an activity-based cost
3913 | analysis or assessment, which I think we would be happy to
3914 | get more information about. I have to believe there is a
3915 | less expensive way, even to hire private contractors like
3916 | yourself.

3917 | And so I am really left with the accountability issue as
3918 | the one that strikes me as front and center here. And as I
3919 | have listened to your testimony, in particular you are saying
3920 | with respect to this one person who was drunk and committed
3921 | this homicide, I will characterize it that way, I think you

3922 | said you would be happy to see that person prosecuted,
3923 | something akin to that. And I would like to enlist you as an
3924 | advocate to strengthen whatever the rules of engagement are,
3925 | whatever the statutes are that are out there. Mr. Braley
3926 | took us through these various things and you indicated that
3927 | you weren't sure whether each of those necessarily reached as
3928 | far as they could in providing that kind of penalty
3929 | environment. I would like you to speak to whether it would be
3930 | a good thing to make sure that it does.

3931 | Mr. PRINCE. I believe Congressman Price from North
3932 | Carolina has been pushing to maned some of that language.
3933 | And we support that fully.

3934 | Mr. SARBANES. Thank you.

3935 | Mr. COOPER. [Presiding] The gentleman yields back his
3936 | time.

3937 | The next questioner on the list from the Chairman looks
3938 | like Mr. Welch.

3939 | Mr. WELCH. Thank you, Mr. Chairman.

3940 | Mr. Prince, thank you for coming. I want to ask a few
3941 | questions about the finances. My understanding is that
3942 | Blackwater had contracts with the Federal Government in 2001
3943 | in the amount of \$736,000.

3944 | Mr. PRINCE. It could easily be, yes, sir.

3945 | Mr. WELCH. And in 2006, that number had exploded to \$593
3946 | million.

3947 Mr. RYAN. May I have just one minute, please?

3948 Mr. PRINCE. I am not sure.

3949 Mr. WELCH. Well, you don't dispute it. This is what is
3950 in the report that was referred to earlier.

3951 Mr. PRINCE. Well, some of the later years on that report
3952 aren't quite accurate. So I am not going to discount the
3953 whole thing.

3954 Mr. WELCH. Okay. According to the report, 51 percent of
3955 the Blackwater contracts were no-bid contracts, \$493 million
3956 that were explicitly no competition, and \$30 million were
3957 awards after limiting or excluding qualified bidders. Is
3958 this more or less correct? Any reason to dispute it?

3959 Mr. PRINCE. It could be, sir. I don't know.

3960 Mr. WELCH. All right. And since 2003, when the war
3961 began, Blackwater contracts have exceeded \$1 billion,
3962 correct?

3963 Mr. PRINCE. I don't know the answer, sir. If you have
3964 specific questions on financials, we will get you the
3965 answers.

3966 Mr. WELCH. Well; these are facts that are in the record.
3967 You can check them out. But I will just advise you--

3968 Mr. PRINCE. Well, there is some stuff in the Committee's
3969 report that is not accurate. So I can't agree to the entire
3970 Committee report.

3971 Mr. WELCH. Let me continue going through this. One of

3972 | the concerns that has been expressed is that a sergeant who
3973 | provides security services in a full military setting is paid
3974 | \$50,000, \$60,000. If it is an employee from Blackwater, the
3975 | cost to the taxpayer is about \$445,000. Is that more or less
3976 | correct?

3977 | Mr. PRINCE. Could I have a copy of what you are reading
3978 | from, at least?

3979 | Mr. WELCH. Well, you have been asked about this by
3980 | several members already. Let me just continue.

3981 | Let's talk a little bit about training. You were a SEAL
3982 | and served with distinction, as I understand it, as a SEAL,
3983 | correct?

3984 | Mr. PRINCE. Yes.

3985 | Mr. WELCH. And your training as a SEAL was beneficial to
3986 | you in the work that you are doing now as the head of this
3987 | company?

3988 | Mr. PRINCE. It helped form me in my life, absolutely.

3989 | Mr. WELCH. And you had also I think indicated that
3990 | Blackwater hires our military veterans and law enforcement
3991 | veterans, many of whom have recent military deployments,
3992 | correct? It makes sense to do that?

3993 | Mr. PRINCE. Yes.

3994 | Mr. WELCH. So it is fair to say that Blackwater as a
3995 | company in recruiting personnel has benefitted from the
3996 | taxpayer-financed training of people that Blackwater hires,

3997 correct?

3998 Mr. PRINCE. We have people that have prior honorable
3999 military service and provide them an opportunity to use those
4000 skills again at their highest and best use.

4001 Mr. WELCH. And it is fair to say that Blackwater
4002 contracts have in fact surged since 2003 when the war began,
4003 correct?

4004 Mr. PRINCE. The nature of the security environment
4005 around the world has changed, yes.

4006 Mr. WELCH. And it is true, or is it true that as
4007 reported by the Center for Responsive Politics, you did make,
4008 as you have a right to make, contributions of \$225,000 to
4009 the, that include \$160,000 to the Republican National
4010 Committee and the National Republican Campaign Committee?

4011 Mr. PRINCE. I don't know that sitting here right now.
4012 Again, I can go back and dig through our contribution records
4013 to figure out exactly what we gave in what period.

4014 Mr. WELCH. Well, that is the report that we have been
4015 given. And again, you have a right to do that. My concern
4016 is the nature of the contracts.

4017 Now, you are also aware that General Petraeus, who is in
4018 command of 160,000 troops, is paid by taxpayers \$180,000 for
4019 the extraordinary responsibilities that he bears for our
4020 security in Iraq, correct?

4021 Mr. PRINCE. I don't know what General Petraeus gets

4022 | paid.

4023 | Mr. WELCH. Well, that is what it is. Blackwater has 861
4024 | or so personnel, according to this report in 2006, in Iraq.
4025 | Is that more or less right?

4026 | Mr. PRINCE. It could be, yes, sir.

4027 | Mr. WELCH. All right. General Petraeus is paid \$180,000
4028 | for supervising 160,000 troops. How much were you paid in
4029 | 2006?

4030 | Mr. PRINCE. I'll get back to you with that exact answer.
4031 | I don't know.

4032 | Mr. WELCH. Well, you can give me an estimate.

4033 | Mr. PRINCE. More than a million dollars.

4034 | Mr. WELCH. Well, as I remember, when my colleague, Mr.
4035 | Hunter, asked you about your contracts, you indicated 90
4036 | percent of your Blackwater contracts came from the Federal
4037 | Government, correct?

4038 | Mr. PRINCE. Yes.

4039 | Mr. WELCH. I.e., the taxpayer. And he asked you what
4040 | your profit margin was, and my recollection of your testimony
4041 | today was about 10 percent?

4042 | Mr. PRINCE. That is what the report that we submitted to
4043 | the Committee says, yes.

4044 | Mr. WELCH. So walk through the math with me. If
4045 | Blackwater has had \$1 billion in contracts since the war
4046 | began in 2003, and there is a 10 percent profit margin, that

4047 | is \$100 million in profit, is it not?

4048 | Mr. PRINCE. This is representative of one of the WPPS
4049 | contracts. Some contracts we lose money on, some we lose all
4050 | kinds of money on. Some we make money on.

4051 | Mr. WELCH. Mr.--

4052 | Mr. PRINCE. Understand we have significant variables.

4053 | Mr. WELCH. You were asked a question and you gave an
4054 | answer. And the question was very simple. It is the kind of
4055 | question that a CEO pays real attention to: what is your
4056 | profit margin. Your answer was, 10 percent. I am doing the
4057 | math, \$1 billion, 10 percent, \$100 million.

4058 | Mr. COOPER. The gentleman's time is expired.

4059 | Mr. PRINCE. Some contracts we lose money on. Losing
4060 | three helicopters this year is certainly beyond the scope of
4061 | math.

4062 | Mr. COOPER. The next questioner is Mr. Murphy.

4063 | Mr. MURPHY. Thank you very much, Mr. Chairman.

4064 | Let me just follow up on Mr. Welch's question.

4065 | Certainly, as a CEO of a company, you can tell us what your
4066 | profit has been in the past several years as a company.

4067 | Mr. PRINCE. I can give approximate numbers, but we are a
4068 | private company. And I am sure it is the Congress's main
4069 | interest in maintaining healthy competition amongst
4070 | Government vendors. So we are a private company, and there
4071 | is a key word there, private.

4072 Mr. MURPHY. And so you will not disclose to us what the
4073 profit, what the annual profit or--

4074 Mr. PRINCE. No, that is not what I just said. We gave
4075 you an example of what the profitability of a WPPS contract
4076 looks like. But I am not going to go into our full
4077 financials.

4078 Mr. MURPHY. And I guess, I am a new member of Congress,
4079 but as a representative of my constituents that pay 90
4080 percent of your salary, pay 90 percent of the salaries of
4081 your employees, I think it is a little difficult for us to
4082 fathom how that information isn't relevant to this Committee
4083 or this Congress.

4084 Mr. RYAN. Mr. Chairman, may I have a minute with the
4085 witness, please?

4086 Mr. COOPER. Yes.

4087 [Witness and counsel confer.]

4088 Mr. PRINCE. I am sorry. Go ahead.

4089 Mr. COOPER. Mr. Murphy has four minutes left. The
4090 hearing will resume.

4091 Mr. MURPHY. Thank you, and I want to wrap up so Mr.
4092 Lynch can ask some questions before we break. So let me ask
4093 the question again after your consultation with your
4094 colleague. It is your position that you don't believe that
4095 it is in the best interests of your company or this Committee
4096 to have discussions with the United States Congress about the

4097 | profit that you make off of U.S. Government contracts?

4098 | Mr. PRINCE. We can have that discussion, but I am not
4099 | fully prepared, sitting here today, to answer each and every
4100 | one of your questions down to that level of detail.

4101 | Mr. MURPHY. I am not asking for a level of detail. I am
4102 | asking for an approximation of your annual profit, based on
4103 | the fact that you make 90 percent of your money from U.S.
4104 | taxpayers.

4105 | Mr. PRINCE. Again, we will come back to you. If you
4106 | have written questions, we will give you written answers
4107 | after the hearing is done.

4108 | Mr. MURPHY. Because you testified today that you are not
4109 | sure of that number?

4110 | Mr. PRINCE. I am not sure of that number. How can I
4111 | calculate in depreciation on assets when our helicopters
4112 | parked around near the embassy in Baghdad get hit by rockets
4113 | all the time, that they get fragged, that three of them have
4114 | been shot down? There is a whole host of variability to our
4115 | profitability, depending on when an asset is expended or
4116 | destroyed.

4117 | Mr. MURPHY. Mr. Prince, I am not a businessman. But I
4118 | find it pretty hard to believe that the CEO of a major
4119 | company in this Country, whether it be privately-financed or
4120 | publicly-financed, can't give an approximation of your annual
4121 | profit on a year to year basis.

4122 Mr. PRINCE. I think when the Committee meets with any of
4123 my finance folks, they will tell you I am not a
4124 financially-driven guy.

4125 Mr. MURPHY. Let me just ask one other quick question
4126 before I yield back. You made a comment before that you had
4127 a handful of third country nationals working for you. And
4128 not to disparage the need to have third country nationals
4129 working for the company, but I just want to get a better
4130 handle on what a handful has. The memo that we have before
4131 us, and I understand you draw issue with some of those
4132 numbers, so I want to get it straight, suggests that of the
4133 861 Blackwater personnel in Iraq today, 243 of them are third
4134 country nationals. Does that sound right?

4135 Mr. PRINCE. Your best bet is drawing off of page one of
4136 what we submitted to the Committee, where it says, ``UCTCN or
4137 HCN.``

4138 Mr. MURPHY. What percentage of those serving in Iraq
4139 under Blackwater are third country nationals? By your
4140 numbers. Because by our numbers, it is just less than one
4141 third, which doesn't sound like a handful. That sounds like
4142 one third of all your personnel are not U.S. citizens.

4143 Mr. PRINCE. Well, I am looking at one here. It shows
4144 576 U.S., 129 TCN and 16 locals.

4145 Mr. MURPHY. So again--

4146 Mr. PRINCE. So divide 129 by 576 and you get your

4147 | percentage.

4148 | Mr. MURPHY. Okay. Sounds like a little bit more than a
4149 | handful, but I appreciate your testimony and I yield back.

4150 | Mr. COOPER. The gentleman yields back his time. The
4151 | next questioner is Mr. Lynch.

4152 | Mr. LYNCH. Thank you, Mr. Chairman. And I want to thank
4153 | the witness for his perseverance here today and for helping
4154 | the Committee with its work.

4155 | We have heard a lot today about the loss of
4156 | accountability when an inherent Government function, in this
4157 | case duties that are incidental to the prosecution of war,
4158 | are subcontracted out to private entities. And as Mr. Shays
4159 | and Mr. Platts have mentioned earlier, my Republican
4160 | colleagues, I also have had an opportunity to view first-hand
4161 | on more than a few occasions the work of Blackwater
4162 | employees. I would guess that in the dozen or so occasions
4163 | when I have traveled with my colleagues to Iraq and
4164 | Afghanistan, your area of operations, principally, I would
4165 | bet at least half of those times, or at least a portion of
4166 | time there, we have been protected by Blackwater employees.

4167 | And based on my own personal experience, I have to say,
4168 | from personally what I have seen, and what I have
4169 | experienced, those people who were protecting us who were
4170 | Blackwater employees did a very, very good job. I have to
4171 | give you credit for that. They are brave employees, brave

4172 Americans in a very hostile environment.

4173 I find myself right now with this Committee having a
4174 difficult time criticizing those employees, because I am in
4175 their debt. That is a very hostile environment and they do a
4176 good job on our behalf.

4177 Which brings me to my problem. If I have a problem
4178 criticizing Blackwater and criticizing the employees and some
4179 of the times that you have fouled up, what about the State
4180 Department? The State Department employees, you protect them
4181 every single day. You protect their physical well-being, you
4182 transport them, you escort them. And I am sure there is a
4183 heavy debt of gratitude on the part of the State Department
4184 for your service.

4185 And yet they are the very same people who are in our
4186 system responsible for holding you accountable in every
4187 respect with your contract and the conduct of your employees.
4188 And I know from my own experience, in the time there, that
4189 that is an impossible conflict for them to resolve.

4190 I have here in my possession, I am going to ask that
4191 they be entered into the record in a minute, some internal
4192 e-mails from the State Department. These documents that the
4193 Committee has received raise questions again about the State
4194 Department's oversight of Blackwater's activities under the
4195 contract. Even in the cases involving the death of Iraqis,
4196 it appears that the State Department's primary response was

4197 | to ask Blackwater to make monetary payments to--this is from
4198 | the e-mails--''to put these matters behind us,'' that is, the
4199 | deaths of Iraqi civilians, ''rather than to insist upon
4200 | accountability or to investigate Blackwater personnel for
4201 | potential criminal liability.'' The most serious consequence
4202 | faced by a Blackwater personnel for misconduct appears to be
4203 | termination of their employment.

4204 | Even though Secretary of State John Negroponte asserted
4205 | that every incidence in which Blackwater fires its weapons is
4206 | ''reviewed by management officials to ensure the procedures
4207 | were followed,'' the documents that we have before the
4208 | Committee don't indicate that. I do have some e-mails,
4209 | though. And this one is dated--I will ask these to be
4210 | entered into the record, Mr. Chairman.

4211 | Mr. COOPER. Without objection, so ordered.

4212 | [The referenced information follows:]

4213 | ***** COMMITTEE INSERT *****

4214 Mr. LYNCH. This one is dated July 1st, 2005 from RSO
4215 Al-Hillah. This is a situation where Blackwater personnel
4216 fired and killed. It says, "This morning, I met with the
4217 brothers of an adult Iraqi male who was killed by a gunshot
4218 to the chest at the time and location where the PSD, in this
4219 case, Blackwater team, fired shots in Al-Hillah on Saturday,
4220 June 25th of 2005." The gentleman in question was killed.
4221 And then it says, "Gentlemen, allow me to second the
4222 comments on the need for Blackwater to provide funds ASAP.
4223 For all the reasons enunciated in the past, we are better off
4224 getting this case and any similar cases behind us quickly.
4225 Again, the Department of State needs to promptly approve and
4226 fund an expedited means of handing these situations.
4227 Thanks." And it mentions \$5,000 for the family there.

4228 Again, another e-mail dated December 26th, 2006. And it
4229 says, this is again a situation where Blackwater personnel
4230 killed an individual civilian innocently, standing near an
4231 area where the convoy was traveling, it criticizes the way
4232 the charge d'affaires was talking about "some crazy sums.
4233 Originally she mentioned \$250,000 and later, \$100,000. Of
4234 course, I think that a sum this high will set a terrible
4235 precedent. This could cause incidents with people trying to
4236 get killed by our guys to financially guarantee their
4237 families' future."

4238 Mr. COOPER. The gentleman's time has expired.

4239 Mr. LYNCH. I am going to wrap up here. And again, I am
4240 going to ask these to be placed in the record.

4241 Mr. COOPER. I am afraid--

4242 Mr. LYNCH. The question is, based on that arrangement--

4243 Mr. COOPER.--the gentleman's time has expired.

4244 Mr. LYNCH.--does it not make sense that an independent
4245 inspector general, instead of the State Department inspector
4246 general, review these? I think it would help the credibility
4247 of the company to have an independent inspector general
4248 reviewing these cases instead of having the State Department
4249 basically make you pay up \$5,000 every time--

4250 Mr. BURTON. Mr. Chairman, I have high regard for the
4251 gentleman from Massachusetts but has gone two or three
4252 minutes over his time.

4253 Mr. COOPER. The gentleman's time has expired.

4254 I need to ask the witness, we have two questioners
4255 remaining. If you would like to take a break now, that would
4256 be fine. Or there are about 10 minutes of questions
4257 remaining. It is your call.

4258 Mr. PRINCE. If there are two questions left, I will take
4259 them and let's be done.

4260 Mr. LYNCH. Mr. Chairman, do you want to give the witness
4261 a chance to answer that last question?

4262 Mr. COOPER. Well, the gentleman considerably exceeded
4263 his time limit. We had actually given you considerably more

4264 | than the five minutes due to a mistake in the clock. So I
4265 | think we need to keep this in regular order.

4266 | The gentlelady is recognized, Ms. Norton.

4267 | Ms. NORTON. Thank you, MR. Chairman.

4268 | Mr. Prince, I want to be clear that however you serve
4269 | your Country, whether as a member of the armed forces or now
4270 | as a contractor in time of war, the American people are
4271 | indebted to you. We understand that the risk is the same.

4272 | I want to avoid confusing the higher purpose of the
4273 | volunteer army with what some nations, how some nations
4274 | candidly operate. However you define mercenary armies, some
4275 | nations have long used mercenary soldiers to deal in foreign
4276 | countries with unpleasant tasks. The more dependent we
4277 | become on contractors, the more we risk falling right off the
4278 | cliff into a mercenary army that is nothing that you would
4279 | have responsibility for.

4280 | But it must be said, people fight wars that, countries
4281 | fight wars where the people support them. And the people
4282 | support them by being willing to provide the troops to fight
4283 | those wars. That is a risk we have.

4284 | I want to ask you a question or two about your contract
4285 | with the State Department. Under this contract, you employ
4286 | security personnel as independent contractors rather than as
4287 | your own direct employees, isn't that right?

4288 | Mr. PRINCE. Yes, ma'am.

4289 Ms. NORTON. You don't have to provide employee benefits,
4290 such as health or disability insurance, vacation or
4291 retirement and the like as a result?

4292 Mr. PRINCE. Each of the individuals that deploys for us
4293 has a very robust insurance package that is with them every
4294 day they are working for us.

4295 Ms. NORTON. You also can avoid making Social Security
4296 contributions or withholding taxes, is that not true?

4297 Mr. PRINCE. I am not sure on that.

4298 Ms. NORTON. I believe that is true, sir.

4299 By contrast, DynCorp and Triple Canopy and other
4300 security firms that support the State Department treat their
4301 personnel as employees entitled to these benefits. Why do
4302 you treat your personnel differently from these two
4303 companies?

4304 Mr. PRINCE. I don't know the differences in how they
4305 compensate their people. I will tell you we have the highest
4306 retention in the industry. We have guys that sign up for us
4307 at a very, very high rate. So we don't get losses. Men and
4308 women seem to feel very well treated by us.

4309 Ms. NORTON. Well, of course one of the differences is in
4310 the employee benefit package I have just named. Does
4311 Blackwater hire personnel as independent contractors in order
4312 to avoid legal responsibility for the company?

4313 Mr. PRINCE. No, it is actually really what the men that

4314 | deploy for us prefer. We find it is a model that works.

4315 | Ms. NORTON. Well, Mr. Chairman, it may in fact--

4316 | Mr. PRINCE. They like the flexibility of signing on for
4317 | a certain period of time and being able to schedule their off
4318 | time around an anniversary, a child's birthday, being home
4319 | for Christmas, et cetera. So it gives them flexibility as to
4320 | when they are going to deploy, when they are going to go to
4321 | work. Just like--

4322 | Ms. NORTON. Does it really give them more flexibility
4323 | than the other two companies who have them as employees?
4324 | Those people don't have the same kind of flexibility? What
4325 | kind of flexibility can you have if you need your employees
4326 | at a time of engagement, for example?

4327 | Mr. PRINCE. I don't know, ma'am.

4328 | Ms. NORTON. Well, I think the fact is, when you need
4329 | them, you need them. You don't say, you can go home for
4330 | Christmas, sir.

4331 | Mr. Chairman, I think we should, I am very disturbed,
4332 | very disturbed by this confusion, which amounts to legal
4333 | confusion about the responsibilities of contractors. I will
4334 | concede the notion that employees can choose whether they
4335 | want to work for a company that in fact requires them to save
4336 | for their own benefits or not. My confusion--

4337 | Mr. PRINCE. Ma'am, let me just add, we have a program
4338 | that allows them, it is like an individual 401(k) plan. So

4339 | they are able to, while working for us, able to have a
4340 | 401(k)-like program.

4341 | Ms. NORTON. I understand that. Probably the other
4342 | employees, excuse me, companies, that I mentioned probably
4343 | also have 401(k) programs. And again, my major concern is
4344 | not what private employees decide to do.

4345 | Mr. Chairman, my concern is that these Blackwater
4346 | contractors, so far as I can see, operate under the direct
4347 | command or are supervised by Prince, Mr. Prince and his
4348 | company. They are, they operate under the law of the United
4349 | States in some fashion. It is simply unclear, after a full
4350 | day's hearings, whether these employees, whether this company
4351 | is subject to law in the way that the American people expect
4352 | anybody in a field of combat to in fact be subject to the law
4353 | of some place. I believe we need an investigation, Mr.
4354 | Chairman, by the GAO to clarify what law if any such
4355 | companies and their employees, whether contract employees or
4356 | not, should answer to.

4357 | Mr. PRINCE. If I could just answer, ma'am, I think the
4358 | FBI investigation regarding the September 16th incident
4359 | proves that there is a measure that accountability is in
4360 | place, that that process is working. And as for us--

4361 | Chairman WAXMAN. [Presiding] That remains to be seen.

4362 | Mr. PRINCE.--working for us overseas, we provide the
4363 | trained person with the right equipment, the right training,

4364 | the logistics to get them in and out of theater, when they
4365 | get to Iraq or to Afghanistan, they work for the State
4366 | Department. We work under that, the RSO's operational
4367 | control, they are not under our operational control.

4368 | Chairman WAXMAN. Thank you, Ms. Norton.

4369 | Ms. Schakowsky.

4370 | Ms. SCHAKOWSKY. Thank you, Mr. Chairman. I really
4371 | appreciate your allowing me to participate in this hearing,
4372 | and I thank the Committee for their indulgence.

4373 | I wanted to let everyone know that I am shortly going to
4374 | be introducing legislation to carefully phase out the use of
4375 | private security contractors, for-profit companies that carry
4376 | out sensitive missions that have repeatedly and dramatically
4377 | affected our mission. I want to recognize the mother of
4378 | Jerry Zovko, who is here today. Jerry was an Army Ranger
4379 | before becoming a Blackwater employee. He died in Fallujah
4380 | in an infamous mission, fraught with mistakes on the part of
4381 | his Blackwater supervisors. That was over three and a half
4382 | years ago, and led to the Battle of Fallujah during which
4383 | many of our U.S. forces led their lives.

4384 | As Mr. Davis, the Ranking Member, said, we need a
4385 | conversation in this Congress about that, and I am hoping
4386 | that my legislation will provide that.

4387 | Mr. Prince, in your testimony you stated Blackwater
4388 | personnel supporting our Country's overseas missions are all

4389 | military and law enforcement veterans. You did not state
4390 | that they were all Americans, all American military and law
4391 | enforcement veterans. Is it true that Blackwater hires
4392 | foreign security personnel?

4393 | Mr. PRINCE. One of your colleagues previous asked that
4394 | question. Yes. Some of the camp guards, gate guards, static
4395 | locations are indeed third country national soldiers.

4396 | Ms. SCHAKOWSKY. And in 2004, Gary Jackson, the President
4397 | of Blackwater USA admitted that your company had hired former
4398 | commandoes from Chile to work in Iraq, many of which served
4399 | under General Augusto Pinochet, the former dictator of Chile.

4400 | As you must know, his forces perpetrated widespread human
4401 | rights abuses, including torture and murder of over 3,000
4402 | people. Did Blackwater or any of its affiliated companies at
4403 | that time, at any time, use any Chilean contractors with ties
4404 | to Pinochet?

4405 | Mr. PRINCE. Well, I can say Mr. Jackson did not admit to
4406 | hiring some commandoes. Yes, we did hire some Chileans. Any
4407 | foreign national soldier that works for us now, for the State
4408 | Department, has to have a high public trust clearance. It is
4409 | basically a security clearance for a third country national
4410 | soldier where you take their name, it goes back through the
4411 | U.S. embassy in that country and their name is run, kind of
4412 | like a national agency check here, which is what someone does
4413 | for a security clearance. That way we can ensure that they

4414 | have no criminal record, ma'am.

4415 | Ms. SCHAKOWSKY. I understand that one of your business
4416 | associates, Jose Miguel Passaro, was indicted in Chile for
4417 | his role in supplying commandoes to serve Blackwater. Is
4418 | that correct?

4419 | Mr. PRINCE. He was not an associate. He might have been
4420 | a vendor to us.

4421 | Ms. SCHAKOWSKY. In your written statement today, you
4422 | state that Blackwater mandates that its security
4423 | professionals have a security clearance of at least the
4424 | secret level. Did any Chilean contractors who worked for
4425 | Blackwater ever get a security clearance?

4426 | Mr. PRINCE. I believe what I said is for the WPPS
4427 | contract, the Americans working on that that are doing the
4428 | PSD mission are required to have a secret clearance.

4429 | Ms. SCHAKOWSKY. Did any Chilean contractors get a
4430 | security clearance?

4431 | Mr. PRINCE. I don't know, ma'am.

4432 | Ms. SCHAKOWSKY. Because if yes, they were provided with
4433 | classified information, if no, then it is not true that all
4434 | Blackwater personnel in Iraq have security clearances.

4435 | On your web site, I don't know if it is still there,
4436 | there was a recent one, there was a jobs fair advertised in
4437 | Bucharest. And we have heard allegations that Blackwater
4438 | recruited Serbians and former Yugoslavs with combat

4439 | experience from the Balkan wars, some linked to atrocities
4440 | committed in Croatia and Kosovo and in Bosnia and associates
4441 | of Milosevic. I am wondering if you could talk to me about
4442 | that for a minute.

4443 | Mr. PRINCE. To my knowledge, we have never employed
4444 | anyone out of those countries.

4445 | Ms. SCHAKOWSKY. Would you know?

4446 | Mr. PRINCE. There are some Romanians that were on a
4447 | contract that we took over from a previous vendor,
4448 | competitor. But we phased them out and we use guys out of
4449 | Latin America now.

4450 | Ms. SCHAKOWSKY. Would you know if people have been
4451 | associated with Pinochet or Milosevic before you hired them?
4452 | Is this part of your inquiry?

4453 | Mr. PRINCE. Again, for the State Department, for the
4454 | static guards that were utilized, third country national
4455 | soldiers, a high public trust clearance is required--

4456 | Ms. SCHAKOWSKY. I heard you say that.

4457 | Mr. PRINCE.--where their name, their background, their
4458 | address, their date of birth, whatever information is
4459 | available on them, is run back through the equivalent country
4460 | that they are from, a national agency check, to ensure that
4461 | they don't have any criminal record, human rights abuses, or
4462 | any other bad marks against their name.

4463 | Ms. SCHAKOWSKY. Okay, well, we should check into that

4464 process. But let me ask a question. You said that you as a
4465 company would not work overseas in any way that is not
4466 associated, that the United States does not approve.
4467 However, Chile has made a decision not to participate as part
4468 of a coalition member in this war. They won't send any
4469 troops. Do you have any qualms about hiring people out of
4470 Chile to participate actively in this war?

4471 Mr. PRINCE. We don't hire anybody from Chile right now,
4472 to my knowledge.

4473 Ms. SCHAKOWSKY. Have you ever?

4474 Mr. PRINCE. I previously just said that we had,
4475 previously. Yes.

4476 Ms. SCHAKOWSKY. And so the answer is you don't have any
4477 qualms about doing that, based on the fact that Chile has
4478 made a public policy decision not to participate?

4479 Mr. PRINCE. I believe the persons of that country have a
4480 free right to contract. I will give you an example. The
4481 Philippines doesn't allow their personnel to go to Iraq. So
4482 we don't hire their people to go to Iraq.

4483 Ms. SCHAKOWSKY. Okay, but you do hire Chileans. Thank
4484 you. I appreciate it.

4485 Chairman WAXMAN. Thank you very much, Mr. Schakowsky.

4486 Mr. Prince, let me thank you very much. You have been
4487 very patient. You have been here a long time.

4488 I do want to acknowledge the presence today of Rhonda

4489 Teague and Kristal Batalona, the daughter and wife of Wesley
4490 Batalona. Ms. Schakowsky acknowledged the mother of Jerry
4491 Zovko, who is in the audience today. These are people from
4492 Fallujah. I am sorry we didn't get a chance to ask you more
4493 questions about Fallujah. I might, with your permission,
4494 send you some questions and ask you to respond for the
4495 record.

4496 Because that was an example, we had a hearing on that
4497 issue, and that was an example where one of the ways
4498 corporations could make money is not to have fully trained
4499 personnel. I don't know if that was the case or not, but it
4500 certainly appeared to us that the people were not given
4501 adequate protection and training for that Fallujah mission
4502 and it had an unprecedented consequence in the battle of
4503 Fallujah that followed.

4504 In closing, let me just say that we really have a
4505 remarkably unprecedented experiment going on in the United
4506 States today by having private military contractors. It
4507 raises a lot of issues. It raises issues about costs, it
4508 raises issues about whether it interferes with our military
4509 objectives. And I think this hearing and with you and the
4510 next witnesses will help us continue to sort through what
4511 that means for our Nation. We have never had anything of
4512 this magnitude before where we have turned so much of our
4513 military activity over to private military that used to be,

4514 | for the most part, provided by the U.S. military itself.

4515 | I want to thank you. If Mr. Davis has any last
4516 | comments, I will recognize him.

4517 | Mr. DAVIS OF VIRGINIA. Mr. Prince, thank you very much.
4518 | I think you have--is there anything else you would like to
4519 | add after all this? Would you like to add anything you
4520 | didn't get to say?

4521 | Mr. PRINCE. Thanks for having me. I would invite some
4522 | of the leadership of the Committee, if they would like, to
4523 | come and visit our operations. We would be happy to show you
4524 | what we do.

4525 | Mr. DAVIS OF VIRGINIA. Fine. Let me just say, I think
4526 | we do need a dialogue, and our next panel will tel us the
4527 | State Department's rationale and the large number of
4528 | contractors and why they are utilizing that versus active
4529 | duty. I think that will give more clarification to members.

4530 | Thank you very much.

4531 | Mr. PRINCE. Thank you, sir.

4532 | Chairman WAXMAN. We will proceed to our next panel, but
4533 | we want to give Mr. Prince and his group an opportunity to
4534 | leave.

4535 | The Committee will now continue on and proceed to our
4536 | second panel. We have with us Ambassador David M.
4537 | Satterfield, Special Advisor and Coordinator for Iraq, U.S.
4538 | Department of State; Ambassador Richard J. Griffin, Assistant

4539 Secretary, Bureau of Diplomatic Security and Director of the
4540 Office of Foreign Missions, U.S. State Department; and Mr.
4541 William H. Moser, Deputy Assistant Secretary for Logistics
4542 Management, U.S. Department of State.

4543 I gather you are not taking your seats because you know
4544 you are taking the oath. But it is the practice of this
4545 Committee to swear in all witnesses.

4546 [Witnesses sworn.]

4547 Chairman WAXMAN. The record will indicate that each of
4548 the witnesses answered in the affirmative.

4549 Your prepared statements will be in the record in full.
4550 We would like to recognize each of you for an oral statement
4551 for five minutes, and then after that we will have questions
4552 that we will want to pursue with you.

4553 Ambassador Satterfield, if we might start with you.

4554 STATEMENTS OF AMBASSADOR DAVID M. SATTERFIELD, SENIOR ADVISOR
4555 TO THE SECRETARY AND COORDINATOR FOR IRAQ, UNITED STATES
4556 DEPARTMENT OF STATE; AMBASSADOR RICHARD J. GRIFFIN, ASSISTANT
4557 SECRETARY OF STATE, BUREAU OF DIPLOMATIC SECURITY, U.S.
4558 DEPARTMENT OF STATE; WILLIAM H. MOSER, DEPUTY ASSISTANT
4559 SECRETARY FOR LOGISTICS MANAGEMENT, U.S. DEPARTMENT OF STATE

4560 STATEMENT OF AMBASSADOR DAVID M. SATTERFIELD

4561 Ambassador SATTERFIELD. Thank you, Chairman Waxman,
4562 Ranking Member Davis, members of the Committee. Thank you
4563 for inviting me here today and for the opportunity to speak
4564 to the vital security that private security firms provide to
4565 our State Department personnel.

4566 In Iraq, as in Jerusalem, Gaza and the West Bank, I have
4567 been protected by Blackwater and other private security
4568 details. As you know, Mr. Chairman, I was the Deputy Chief
4569 of Mission in Baghdad from the spring of 2005 until late
4570 summer of 2006. I witnessed first-hand what Ambassador
4571 Crocker has rightly described as the capability and courage
4572 of our protective details, as have many members of Congress,
4573 including some, Mr. Chairman, on this Committee.

4574 The contracting of security personnel for State

4575 | Department officials is neither new nor unique to Iraq. For
4576 | example, we have employed private protective security
4577 | details, PSDs, in Haiti, Afghanistan, Bosnia, as well as
4578 | Jerusalem, Gaza and the West Bank. We do not bunker down in
4579 | dangerous environments. But we do need, and we do take
4580 | prudent precautions to protect the safety and welfare of our
4581 | personnel.

4582 | Iraq is a dangerous place. Yet I think we can all agree
4583 | that our diplomats and civilian personnel need to be able to
4584 | operate alongside our military colleagues and to have the
4585 | broadest possible freedom of movement throughout that
4586 | country. We must be able to interact with our Iraqi
4587 | counterparts and with the Iraqi population. Without
4588 | protective security details, we would not be able to have the
4589 | interaction with Iraqi government officials, institutions and
4590 | other Iraqi citizens critical to our mission there.

4591 | The State Department uses multiple security specialists
4592 | in Iraq. Furthermore, it should be noted that the Department
4593 | of State is not the sole client of these security companies.
4594 | The U.S. military, Iraqi government officials, private Iraqi
4595 | citizens, independent institutions and non-governmental
4596 | organizations as well as journalists all use private security
4597 | firms, of which Blackwater is one of many. A black Suburban
4598 | does not equal Blackwater.

4599 | Insofar as the State Department's security contractors

4600 | in Iraq are concerned, we demand high standards and
4601 | professionalism. Those standards include relevant prior
4602 | experience, strict vetting, specified pre-deployment training
4603 | and in-country supervision and oversight. As you know, many
4604 | of the individuals serving are veterans who have performed
4605 | honorably in America's armed forces.

4606 | All Embassy Baghdad security contracts fall under the
4607 | oversight of the regional security office. Those contracts
4608 | require high standards, covering areas ranging from conduct
4609 | and demeanor to use of force to mission operational
4610 | guidelines. Those standards are written into the companies'
4611 | contracts. These policies, these standards only allow for
4612 | the use of force when absolutely necessary to address
4613 | imminent and grave danger against those under their
4614 | protection, themselves and others.

4615 | In those rare instances when security contractors must
4616 | use force, management officials at the embassy conduct a
4617 | thorough review in each and every instance to ensure that
4618 | proper procedures were in fact followed. In addition, we are
4619 | in constant and regular contact with our Iraqi counterparts
4620 | about such instances. And the incident of September 16th was
4621 | no exception.

4622 | I want to underscore, Mr. Chairman, the seriousness with
4623 | which Secretary Rice and the Department of State view both
4624 | the events of September 16th and the overall operations of

4625 private security contractors working for the Department of
4626 State in Iraq. At the direction of the Secretary, we are
4627 conducting three different reviews. As I stated before, the
4628 embassy conducts regular reviews of every security incident.
4629 We are conducting a thorough investigation into and review of
4630 the facts surrounding the events of September 16th.

4631 At the request of the Department of State, the Federal
4632 Bureau of Investigation is sending a team to Iraq to assist
4633 on the ongoing investigation into that incident allegedly
4634 involving Blackwater employees. The Secretary of State has
4635 made clear that she wishes to have a probing, comprehensive,
4636 unvarnished examination of the overall issue of security
4637 contractors working for her Department in Iraq. And so we
4638 are working on two different fronts, Mr. Chairman. Following
4639 direct communication between Secretary Rice and Prime
4640 Minister Malaki, our embassy in Baghdad and the Prime
4641 Minister's office have established a joint government of Iraq
4642 and U.S. Government commission to examine issues of security
4643 and safety related to U.S. Government-affiliated protective
4644 security detail operations.

4645 This will also include review of the effect of CPA Order
4646 17 on such operations. This joint commission will make
4647 policy recommendations for resolving any problems it may
4648 uncover. Finally, the Secretary has directed Ambassador
4649 Patrick Kennedy, a very senior and extremely capable

4650 Department management officer, to carry out a full and
4651 complete review of security practices for our diplomats in
4652 Iraq. His review will address the question of how we are
4653 providing security to our employees. It will take into
4654 account all aspects of this protection, including the rules
4655 of engagement and under what jurisdiction they should be
4656 covered. Ambassador Kennedy is now in Baghdad with some of
4657 his team.

4658 In addition to Ambassador Kennedy, his team will
4659 ultimately include General George Joulwan, Ambassador
4660 Stapleton Roy and Ambassador Eric Boswell, outsiders who will
4661 bring with them clear eyes and an independent view of what
4662 needs to be done. This is an extraordinarily well-qualified
4663 team and it has experience directly relevant to this review.

4664 We are fully committed to working with both our security
4665 specialists and the Iraqi government to ensure the safety of
4666 U.S. Government personnel. Both are and will be essential to
4667 our success.

4668 With that, Mr. Chairman, Assistant Secretary Griffin,
4669 Deputy Assistant Secretary Moser and I are happy to take your
4670 questions.

4671 [Prepared statement of Ambassador Satterfield follows:]

4672 ***** INSERT *****

4673 Chairman WAXMAN. Neither of you two have opening
4674 statements? You are just here to answer questions, is that
4675 correct? Thank you.

4676 Mr. Ambassador, when Mr. Prince was testifying here
4677 earlier today, we asked him about that very disturbing
4678 incident on Christmas Eve, 2006. The basic facts of the
4679 incident are that a Blackwater contractor shot and killed an
4680 Iraqi security guard working for the Iraqi vice president.
4681 According to the documents the Committee received, Blackwater
4682 transported the shooter out of Iraq within 36 hours of the
4683 killing, and it did so with the approval of the Baghdad
4684 embassy's regional security officer.

4685 Why did the State Department facilitate the departure of
4686 the Blackwater contractor suspected of murdering one of the
4687 Iraqi vice president's security guards?

4688 Ambassador GRIFFIN. As you know, the incident that you
4689 described is presently in the Department of Justice for a
4690 prosecutive review. I think that to pre-judge exactly what
4691 occurred that evening as far as the facts of the case go
4692 would be inappropriate for me at this time.

4693 Chairman WAXMAN. I am not asking about the facts of the
4694 case. I am asking you about the State Department's response.
4695 Why did the State Department respond in this way?

4696 Ambassador GRIFFIN. At the time of the incident, after a
4697 number of interviews were conducted, there was no reason for

4698 | him to stay in Baghdad.

4699 | Chairman WAXMAN. Well, the Committee had a briefing from
4700 | Ambassador Kennedy last week, and he stated that the subjects
4701 | of investigation should be kept in-country, because the
4702 | investigators may need access to them. In fact, when you
4703 | think about this, this is an obvious point. Why didn't you
4704 | follow the policy recommended by Ambassador Kennedy?

4705 | Ambassador GRIFFIN. You can't describe how a case should
4706 | be handled universally. Each case has to be judged on its
4707 | own merits. And Ambassador Kennedy may have had some other
4708 | notion about the proper way to proceed.

4709 | Chairman WAXMAN. Well, this is not an ordinary case.
4710 | This is a pretty extreme one. You have a private military
4711 | contractor within the Green Zone, which is an internationally
4712 | protected area, shoot and kill an Iraqi security guard. What
4713 | we saw was that within 36 hours, he was ushered out of the
4714 | country and the State Department helped that happen. In
4715 | fact, the documents show that the primary response of the
4716 | State Department was to ask Blackwater to make a payment to
4717 | the family in the hope that this would make the problem go
4718 | away. There is even a discussion among State Department
4719 | officials about how large the payment should be. One
4720 | official suggested \$250,000, but this was reduced instead to
4721 | just \$15,000.

4722 | Yesterday during the State Department's daily press

4723 briefing, the agency's spokesman said, "We are scrupulous in
4724 terms of oversight and scrutiny not only of Blackwater, but
4725 all of our contractors. I would strongly dispute anyone's
4726 assertion that the State Department does not exercise good
4727 and strong oversight in our efforts to management these
4728 contractors." That was the statement made yesterday.

4729 When I look at the State Department response to the
4730 Christmas Eve shooting, I don't see scrupulous oversight and
4731 scrutiny. I see an effort to sweep the whole incident under
4732 the rug. How would you respond to that?

4733 Ambassador GRIFFIN. I would say that the area of what
4734 laws are available for prosecution is very murky. I believe
4735 it is something that the Executive and Legislative branches
4736 have been working on to try and clarify. And I think that
4737 that lack of clarity is part of the problem.

4738 Chairman WAXMAN. So you weren't sure at the State
4739 Department whether this was a possible criminal violation,
4740 when a person hired by a contractor of the United States
4741 shoots and kills an Iraqi in the Green Zone? There is a
4742 question of whether this is criminal? Is that why the State
4743 Department helped get him out of the country and gave
4744 Blackwater a suggestion of how much to pay to get rid of the
4745 whole incident?

4746 Ambassador GRIFFIN. That is your judgment that that is
4747 what happened. I was not there. I think that is why the

4748 | Department of Justice is examining this case. And they are
4749 | examining the potential ways that it might be prosecuted.

4750 | Chairman WAXMAN. Well, it just seems to me common sense
4751 | to say that if there is an examination going on, and the man
4752 | is not there any longer, you can't pursue some of those
4753 | issues. And the ones that pursue the investigation are the
4754 | ones right there on the ground. You don't get the guy out of
4755 | the country as fast as possible and then say we did what we
4756 | thought was a responsible thing to do. Even the deputy
4757 | director of the trade association representing private
4758 | security contractors sees a problem. He told the Washington
4759 | Post, ''Blackwater has a client who will support them no
4760 | matter what they do.''

4761 | As I view the record, it shows that the State Department
4762 | is acting as an enabler to Blackwater tactics. The company
4763 | acts as if they are untouchable for a simple reason: the
4764 | State Department demands no accountability. They are not
4765 | accountable to the military. They are not accountable to the
4766 | Iraqi criminal system. And the State Department, who is the
4767 | contractor, seems to have acted like they are helping
4768 | Blackwater get rid of the guy so that the whole incident can
4769 | go away.

4770 | Ambassador GRIFFIN. The incident was referred to the
4771 | Department of Justice of our Country for their prosecutive
4772 | decision and follow-up. They are the prosecutors. The State

4773 Department isn't the prosecutive department for the U.S.
4774 Government.

4775 Chairman WAXMAN. Have the State Department people been
4776 asked any questions by the Department of Justice about this
4777 issue?

4778 Ambassador GRIFFIN. I am sure there has been
4779 conversation, but I can't--

4780 Chairman WAXMAN. You should, but you don't know?

4781 Ambassador GRIFFIN. No, I can't name when and where.

4782 Chairman WAXMAN. The fact of the matter is, it seems
4783 strange that if there is this kind of situation, there hasn't
4784 been any action by the Justice Department to date. This is
4785 almost, well, not quite a year, but this is the fall, nine,
4786 ten months later. I wonder what really is going on.

4787 Mr. Davis?

4788 Mr. DAVIS OF VIRGINIA. Thank you. My good friend here
4789 said that this was unprecedented in terms of the amount of
4790 security going on over there, private security. I just
4791 wonder, Mr. Satterfield, my understanding is the State
4792 Department has been contracting for security services at
4793 diplomatic posts throughout the world for decades. Is this
4794 unprecedented?

4795 Ambassador SATTERFIELD. The scale of the operation in
4796 Iraq is unprecedented. But the fact of contracting, both
4797 through direct hire, and by use of private security

4798 | contractors, such as Blackwater, DynCorp, Triple Canopy and
4799 | others, is certainly not unprecedented. It is practiced at a
4800 | number of posts in a number of countries around the world.

4801 | Mr. DAVIS OF VIRGINIA. If you could go back four years,
4802 | would you have taken this in-house or would you stick to what
4803 | we are doing at this point in terms of contracting out?

4804 | Ambassador GRIFFIN. At the time that the decision was
4805 | made to use contractors, it was made because there was an
4806 | immediate need to provide security for U.S. Government
4807 | employees working in a hostile environment, trying to assist
4808 | the Iraqi people in standing up various civilian agencies.
4809 | Everyone knows that the military was doing their function
4810 | there. We were trying to stand up the civilian side of the
4811 | government, which was pretty much in shambles at that time.

4812 | In order to fulfill that security mission, in order to
4813 | be able to immediately deploy people in the near-term,
4814 | contractors were used. The fact is, if we were to attempt to
4815 | recruit and train diplomatic security agents for that
4816 | mission, it would take anywhere from 18 months to 2 years to
4817 | identify them, do all the backgrounds, do the clearance work,
4818 | 7 months of basic training, follow-on training for high
4819 | threat parts of the world.

4820 | Mr. DAVIS OF VIRGINIA. Also, when the mission winds
4821 | down, what do you do with them at that point, too?

4822 | Ambassador GRIFFIN. When the mission ends, you may have

4823 | more people than you have work for.

4824 | There are also specialists that are employed by the
4825 | contractors, people who have training in, helicopter pilots,
4826 | people who are mechanics for armored vehicles, people who are
4827 | armorers, people who are medical technicians, et cetera, that
4828 | are all part of the requirement that you have when you are
4829 | working in a combat zone. So for a multitude of reasons, it
4830 | made good sense to deploy people with the expertise that is
4831 | needed but for what was expected to be a short to medium term
4832 | duration.

4833 | Mr. DAVIS OF VIRGINIA. But it has been a longer term
4834 | duration, hasn't it?

4835 | Ambassador GRIFFIN. It has been. But the fact is, we
4836 | have used contractors going back to 1994 for this protective
4837 | security mission, when they were first used in Haiti. So
4838 | those previous contracts, some have come and gone, so it does
4839 | demonstrate that this is not a career-type assignment for
4840 | somebody.

4841 | Mr. DAVIS OF VIRGINIA. Is it cheaper to go outside, or
4842 | would it be cheaper to take them inside and basically start a
4843 | bureaucracy within the Government to handle these kinds of
4844 | things?

4845 | Ambassador GRIFFIN. Mr. Moser can speak to all the
4846 | contract costs, but when you are looking at the cost of
4847 | whether it is a contractor or a person in the military or a

4848 | person in the State Department, you have to look at what we
4849 | call the fully-loaded costs, which includes all of the
4850 | expenses, which you are all very well aware of from your
4851 | dealing with the budget for all these years. The fact is
4852 | that the costs for a State Department special agent to be
4853 | deployed in a high threat area approaches \$500,000.

4854 | Mr. DAVIS OF VIRGINIA. Mr. Moser, do you want to
4855 | comment?

4856 | Mr. MOSER. Well, I will add one thing to that. We
4857 | actually do cost analyses in the acquisition activity. And I
4858 | am very proud of the cost analysis they do, because
4859 | particularly, if we have a situation, our first contract to
4860 | Blackwater was awarded in 2004. We did not have competition,
4861 | so we had to actually do extensive analysis at that time to
4862 | make sure that the costs were reasonable.

4863 | But to add to what Ambassador Griffin has said, I used
4864 | to work in an office called Global Support Services and
4865 | Innovation. We spent many, many months discussing how much
4866 | it actually costs to position an American overseas, an
4867 | American diplomat like me, or a DS agent. And their prices
4868 | range from around \$400,000 for a regular mission around the
4869 | world to around \$1 million for an American diplomat
4870 | positioned in Iraq.

4871 | So when we talk about using contract employees, I think
4872 | that we have to be very careful to consider what the

4873 fully-loaded costs would be of direct hires, and as you have
4874 already pointed out very wisely, Congressman Davis, you do
4875 have to think about, do you really need these people for a
4876 long term.

4877 Mr. DAVIS OF VIRGINIA. So basically, when we start
4878 comparing costs, I think earlier someone used the analogy of
4879 a sergeant being \$60,000 to \$80,000 a year, and a contract
4880 employee being \$400,000 a year, those aren't fully-loaded
4881 costs and it is not apples to apples. Would that be your
4882 opinion?

4883 Mr. MOSER. Well, I look at it this way. We have lots of
4884 employees in Iraq and the missions around the world. Well, I
4885 actually, also one of my duties is to run the transportation
4886 part of the State Department. And that is where we move
4887 people's household effects around the world. That activity
4888 alone is around \$220 million a year. That does not appear in
4889 that employee's salary cost, that is something that we do for
4890 each employee.

4891 Mr. DAVIS OF VIRGINIA. So if you divided the number of
4892 employees by the \$220 million, you would get a high number?

4893 Mr. MOSER. That is right, and you can keep on adding
4894 these costs. And as I said, in my previous assignment, we
4895 looked at this. How do you amortize the building costs for
4896 over the years, like what the rental price is?

4897 Mr. DAVIS OF VIRGINIA. One of the things that Mr. Waxman

4898 | and myself and the Committee ultimately want to understand is
4899 | really what are the costs. I don't know if we can get GAO to
4900 | look at that, or how we compare apples to apples in an
4901 | objective way. Because everybody has their own numbers on
4902 | this. And that is something that would be helpful to you, I
4903 | would think, as well.

4904 | Mr. MOSER. It is very helpful to me. And I will say
4905 | that over the years, I have actually discussed this topic
4906 | with a number of employees at GAO. Because it is not an old
4907 | topic, by any means.

4908 | Chairman WAXMAN. Thank you, Mr. Davis.

4909 | Mr. Tierney?

4910 | Mr. TIERNEY. Thank you, Mr. Chairman.

4911 | Mr. Moser, can you tell us whether or not the number of
4912 | diplomatic security service agents has been reduced at the
4913 | State Department since 2001?

4914 | Mr. MOSER. I think Ambassador Griffin is going to need
4915 | to answer that question.

4916 | Mr. TIERNEY. Ambassador, can you answer that question?

4917 | Ambassador GRIFFIN. Current staffing is about 1,450, and
4918 | it does reflect an increase over the past four to five years.

4919 | I have been on board two years, and I know one of those
4920 | years we brought on 175 additional agents, and there were
4921 | some brought on the year before. But I could certainly give
4922 | you the specifics for the record if you would like to have

4923 | that.

4924 | Mr. TIERNEY. Were any of those additional agents brought
4925 | in with respect to Iraq, or were they other places around the
4926 | world?

4927 | Ambassador GRIFFIN. They are for various places around
4928 | the world. We have at the present time approximately 36 of
4929 | our agents in Iraq.

4930 | Mr. TIERNEY. Now, I think we can all agree that Baghdad
4931 | is not just any other embassy right now, it is the largest
4932 | post and it is in a war zone. There are about 800 personnel,
4933 | I think you said earlier, or told the Committee earlier, that
4934 | are involved in the private security detail to protect
4935 | embassy personnel in Iraq, would that be accurate?

4936 | Ambassador GRIFFIN. There are 845 Blackwater personnel
4937 | in Baghdad and Al-Hillah, and the other two contractors have
4938 | additional resources. So it is about 1,150 total.

4939 | Mr. TIERNEY. Are there any other embassies around the
4940 | world where the security details are that large?

4941 | Ambassador GRIFFIN. I don't believe so.

4942 | Mr. TIERNEY. Now, just looking at some of the statistics
4943 | here, we have reports that say Blackwater engaged in shooting
4944 | incidents on 195 occasions in less than 3 years. That is
4945 | about 1.4 times per week. Are there any other embassies
4946 | around the world in which the security details have been
4947 | engaged in that many shootings in the last three years?

4948 Ambassador GRIFFIN. I would say that the environment in
4949 Iraq is unique and that we are operating in a combat zone.

4950 Mr. TIERNEY. So is that a no?

4951 Ambassador GRIFFIN. As to whether anyone else has the
4952 same level of--

4953 Mr. TIERNEY. As to whether there is any other embassy
4954 around the world where the security details have engaged in
4955 that many shootings in the last three years?

4956 Ambassador GRIFFIN. Not that I can think of.

4957 Mr. TIERNEY. And when we look at the Blackwater reports,
4958 we also show that Blackwater has caused at least 16
4959 casualties and significant property damage from fired weapons
4960 on over 160 occasions in the last three years. Are there any
4961 other embassies around the world in which security details
4962 have caused that many casualties or that much property damage
4963 in the same period of time?

4964 Ambassador GRIFFIN. No, but there are no other embassies
4965 like Baghdad.

4966 Mr. TIERNEY. Well, I think we established that in my
4967 first question. I was fully in agreement with you that it
4968 was a unique situation.

4969 Ambassador GRIFFIN. Thank you.

4970 Mr. TIERNEY. So I think Blackwater thinks that all the
4971 shootings were justified, and I think that raises another
4972 question. You told us that there is a special use of force

4973 | policy specific to the embassy in Baghdad and that special
4974 | policy would allow security forces to do things that
4975 | ordinarily they might not be able to do, such as shooting at
4976 | cars that get close to the motorcades.

4977 | Are there in fact special rules on the use of force that
4978 | permit that type of shooting in Baghdad?

4979 | Ambassador GRIFFIN. Yes, there are.

4980 | Mr. TIERNEY. Okay. And is there any other place, other
4981 | than perhaps Afghanistan, is there any other place where
4982 | those special rules are in effect?

4983 | Ambassador GRIFFIN. I can't say, as I sit here. Each
4984 | post in the State Department operates under a chief of
4985 | missions firearm policy. In most of our posts, they are
4986 | fairly similar. All of our agents operate under the normal
4987 | DOJ guidance for Federal law enforcement personnel for deadly
4988 | use of force.

4989 | Mr. TIERNEY. I guess my point on the special rules that
4990 | apply to Iraq is that when you have those special rules and
4991 | the need for those special rules, are you going to be able to
4992 | shoot at cars that get within a particular distance of a
4993 | motorcade because you are concerned about an IED attack?
4994 | That happens over 160 times in 3 years? It appears to me
4995 | that this might not be a mission for civilian law enforcement
4996 | agents, like the diplomatic security or the contractors. It
4997 | in fact might be a mission for the United States armed

4998 | forces.

4999 | So the real question we are trying to get at here as a
5000 | Committee is, whether or not the diplomatic security has
5001 | enough agents may be beside the point, the question may be
5002 | whether or not this isn't a case where 800 troops or 845
5003 | troops actually should be taking over that mission. And if
5004 | we are fighting a war and we have two different departments,
5005 | State Department and the Defense Department, maybe they ought
5006 | to get together and try to figure out when and how they are
5007 | going to perform that responsibility.

5008 | Let me just, in the time left to me, the brief time,
5009 | just ask a quick question here. On February 4th, 2007, the
5010 | Iraqi government alleged that on that day, Blackwater shot
5011 | and killed Iraqi journalist Hana al-Ameedi near the Iraqi
5012 | Foreign Ministry. Is that true?

5013 | Ambassador GRIFFIN. I am aware that there were a number
5014 | of allegations made about shootings in the newspaper. If I
5015 | may, I would like to describe what happens when one of our
5016 | PSD teams is involved in a shooting incident, so we can have
5017 | a clear understanding of how the procedures work.

5018 | Mr. TIERNEY. Could I ask you, in the course of doing
5019 | that, if the Chairman is going to allow us to get into this,
5020 | my way of approaching that, if you would be good enough to
5021 | work with me on that is, let us know which of the incidents
5022 | the State Department has actually investigated, and then tell

5023 | us whether or not you can provide us with copies of that
5024 | investigation and then after you have done that, we will be
5025 | happy to hear the way that you go about doing it.

5026 | Ambassador GRIFFIN. We will provide you copies of every
5027 | investigation that has been done.

5028 | The standard procedure is, when one of our protective
5029 | security details is on a mission and a weapon is fired, as
5030 | soon as they get back to the international zone, the team
5031 | that was involved in that incident comes to the tactical
5032 | operations center which is the hub for DS operations.
5033 | Members of the team are segregated, they are interviewed by
5034 | DS agents to report what had happened.

5035 | Within 24 hours they have to provide a written, sworn
5036 | statement as to what happened. The statements are reviewed
5037 | to make sure that the statements are consistent as to what
5038 | occurred. They are reviewed by management at the post and on
5039 | a parallel track, on a weekly basis, our people who manage
5040 | our overseas protective operations have weekly meetings with
5041 | our contractors. So at the same time, they are also
5042 | exchanging information about any incident that might have
5043 | occurred during the course of that week.

5044 | Chairman WAXMAN. Thank you, Mr. Tierney.

5045 | Mr. Burton?

5046 | Mr. BURTON. Thank you, Mr. Chairman.

5047 | I will probably ask you some questions that we asked of

5048 | the CEO of Blackwater, because I would like to get a
5049 | perspective of that from the State Department.

5050 | First of all, would it be more effective if we used
5051 | active Army personnel to provide these services? Would it be
5052 | more cost effective or generally more effective?

5053 | Ambassador GRIFFIN. I think that the professional men
5054 | and women in the armed forces could do this mission, provided
5055 | that they were given the training that the professional
5056 | security specialists have. It is not the normal military
5057 | training that they receive to go out and fight a war. When
5058 | you are in a professional security mission where your mission
5059 | is to protect the person who is your principal and you come
5060 | under fire, your response is not to stay and fight, your
5061 | response is to get off the X.

5062 | Mr. BURTON. So the mission is more defensive than
5063 | offensive?

5064 | Ambassador GRIFFIN. That is right.

5065 | Mr. BURTON. Several times it has been suggested that the
5066 | Department's contract with Blackwater and other firms was
5067 | sole source, a sole source contract. Was it awarded
5068 | improperly or not?

5069 | Mr. MOSER. I think I need to take that question, Mr.
5070 | Burton.

5071 | In 2004, as the U.S. Government made the transition from
5072 | the Coalition Provisional Authority to a U.S. embassy

5073 | presence, we decided to do a sole source contract for
5074 | Blackwater to provide the personal security services that
5075 | Blackwater provides. That was the only time that this
5076 | contract has been sole sourced in the Department of State.
5077 | The reason we did that was for urgent, compelling reasons,
5078 | and essentially, there was a fully signed document by the
5079 | proper officials within the State Department that signed that
5080 | justification.

5081 | We were under a very, very urgent situation to make that
5082 | transition. We had to make an effective transition and
5083 | provide the security services, so that the embassy could get
5084 | up and running.

5085 | That document for urgent and compelling reasons was
5086 | signed by the procurement executive of the State Department,
5087 | by the Department's legal counsel for acquisition, and by all
5088 | the necessary officials in both diplomatic security and in
5089 | the acquisition activity. We did not like doing a sole
5090 | source award to Blackwater, and therefore, at the close of
5091 | 2004, we asked our OIG to get an audit of their price
5092 | proposal. And Mr. Waxman actually put the results of that
5093 | audit in his letter of yesterday. We were very glad to see
5094 | that there, because that was an audit that the acquisition
5095 | activity asked for.

5096 | The reason we asked for it is that sometimes we need an
5097 | outside audit to come in and take a look at a contractor to

5098 | see if the rates are correct. And the actual results of that
5099 | audit, we were able to take part of the Blackwater contract
5100 | costs, which were, Blackwater proposed around \$140 million,
5101 | and negotiate those down to \$106 million. So we think that
5102 | the audit was a very positive thing.

5103 | Then the next year, in 2005, this contract was
5104 | incorporated into the World-wide Protective Services
5105 | Contract, and it was competitively bid and awarded.

5106 | Mr. BURTON. That was a very thorough answer.

5107 | In the opinion of the State Department, are the
5108 | contractors out of control, or are any of them untrained?

5109 | Mr. MOSER. Well, I know that by the terms of the
5110 | contract, they are very well trained. I will defer to my
5111 | colleagues in diplomatic security to answer the question
5112 | about out of control. I am, as part of the contracting
5113 | activity, I would not make that judgment. But that is where
5114 | we would rely on the advice of the programmatic people.

5115 | Mr. BURTON. Would one of you ambassadors like to
5116 | comment?

5117 | Ambassador GRIFFIN. Please, if I may, Mr. Burton. All
5118 | of the WPPS contractors who are employed under the terms of
5119 | that contract must have at least one year of prior military
5120 | experience, prior law enforcement experiences. Very often
5121 | the military experience is special forces, the law
5122 | enforcement experience is SWAT-type experience.

5123 Upon being identified they have to successfully undergo
5124 a background check. They have to qualify for a secret
5125 clearance from our Government. And they also have to go
5126 through a training course, which has been prescribed by DS,
5127 of 164 hours in order to give them specific training on the
5128 mission that they will be tasked to do when they arrive
5129 in-country.

5130 Mr. BURTON. I see my time has expired. I had some more
5131 questions, Mr. Chairman. Are we going to have a second
5132 round?

5133 Chairman WAXMAN. I wasn't planning on it. How many more
5134 do you have?

5135 Mr. BURTON. Just one or two more.

5136 Chairman WAXMAN. Why don't you see if you can do the one
5137 or two more?

5138 Mr. BURTON. Thank you, Mr. Chairman. I appreciate that.

5139 Chairman WAXMAN. We will give you another minute.

5140 Mr. BURTON. When your contractors fire first at a
5141 vehicle speeding towards a chief of mission motorcade, is
5142 that a violation of the contract rules of engagement?

5143 Ambassador GRIFFIN. Absolutely not.

5144 Mr. BURTON. Tell me from your perspective what takes
5145 place, what should take place? That will be my last
5146 question.

5147 Ambassador GRIFFIN. The use of force policy, which is

5148 | prescribed in the chief of mission policy in Baghdad and our
5149 | standard procedures for our high threat protection division,
5150 | one does not have to wait until the protectee or co-worker is
5151 | physically harmed before taking action.

5152 | We have an escalation of force policy in order to try
5153 | and take a number of steps, prior to having to go to the use
5154 | of the firearms that our people carry. On the back of all
5155 | our motorcade vehicles in Arabic and English there is a
5156 | warning to stay back 100 meters. These vehicles are
5157 | operating with lights and sirens. If a vehicle approaches
5158 | from the rear when everyone else has stopped or goes around
5159 | stopped vehicles and appears to be approaching our convoy,
5160 | hand signals will be given, verbal commands will be given in
5161 | order to get the attention of that driver, in order to get
5162 | them to stop. If they still haven't gotten their attention,
5163 | they will shoot a flare at the vehicle, which also will get
5164 | their attention but it won't hurt anybody. They will use a
5165 | bright light to shine at the vehicle. If the vehicle is
5166 | still coming, they may even throw a bottle of water at the
5167 | vehicle.

5168 | Having all of those steps failed, they will put a round
5169 | in the radiator of the vehicle or a couple of rounds to try
5170 | and stop the vehicle. If the vehicle continues to come,
5171 | realizing the number of BB/IED attacks that occur in this
5172 | environment, they are then authorized, for their safety and

5173 | the safety of the people they are protecting, to shoot into
5174 | the windshield in order to stop that vehicle.

5175 | Chairman WAXMAN. Thank you, Mr. Burton.

5176 | Ambassador GRIFFIN. It is the escalation of force
5177 | policy, as we call it.

5178 | Mr. BURTON. Thank you, Mr. Chairman.

5179 | Chairman WAXMAN. Ms. Watson?

5180 | Ms. WATSON. Thank you, Mr. Chairman.

5181 | The panel has spoken about how important private
5182 | security contractors are for the State Department and how
5183 | good they are at their jobs. Ambassador Griffin, in your
5184 | prepared testimony, you referred to private contractors as a
5185 | skilled cadre of security professionals. And Ambassador
5186 | Satterfield, you mentioned that you demand high standards and
5187 | professionalism from these contractors.

5188 | In general, do you feel that private security companies
5189 | do a good job in carrying out their mission of protecting
5190 | State Department personnel?

5191 | Ambassador SATTERFIELD. Congresswoman, we do believe
5192 | that the overall mission of security contractors in Iraq is
5193 | performed exceedingly well, with professionalism, with
5194 | courage. The undertaking that the Secretary of State has
5195 | made is to have a comprehensive review of all of those
5196 | operations, to look at the mission, to look at the resources
5197 | brought to the mission, to look at all aspects of procedures,

5198 | rules of engagement, questions of jurisdiction and authority,
5199 | to take a solid look at whether something better can be done,
5200 | whether there are issues that need to be addressed. Then we
5201 | are going to expose that to outsiders for independent review.

5202 | Ms. WATSON. Let me just cut you off. Are you doing that
5203 | review for all security or just for those in the theater in
5204 | Iraq?

5205 | Ambassador SATTERFIELD. For all private security
5206 | contractors operating in Iraq.

5207 | Ms. WATSON. Okay. Now, you know I have been an
5208 | ambassador. I probably am the only one in Congress at the
5209 | time, in the House, that has been there. And I would insist
5210 | that you do that. Because I had an incident with a private
5211 | contractor at my post where he would knock trainees down and
5212 | then kick them with the point of his boot. I would have
5213 | fired him, but the word back from the State Department was
5214 | that there was no one else to hire. So I would hope that
5215 | would be broad-based, the investigation, and not just there.

5216 | One of the major reasons this Committee has expressed
5217 | some skepticism about the use of Blackwater and other private
5218 | security contractors is because of the great respect we have
5219 | for all the men and women who wear the uniform in Iraq. And
5220 | we trust the military to face our most pressing challenges
5221 | and stand up to our greatest threats. And yet for all your
5222 | statements about the skill and professionalism of these

5223 private contractors, and I am a witness, if you want to come
5224 and talk to me privately, I will tell you about my
5225 experiences with these private contractors.

5226 So many in the military have been very critical of
5227 private security contractors in Iraq, and especially
5228 Blackwater. Brigadier General Karl Horst said, ``These guys
5229 run loose in this country and do stupid stuff.'' I am
5230 quoting. ``There is not authority over them.'' I was the
5231 authority over my security team when I was the ambassador,
5232 and I reprimanded them for how they treated their trainees.
5233 ``So there is not authority over them so you can come down on
5234 them when they escalate force. They shoot people and someone
5235 else has to deal with the aftermath. It happens all over the
5236 place.''

5237 An Army lieutenant colonel serving in Iraq said of
5238 Blackwater, ``They are immature shooters and have very quick
5239 trigger fingers. Their tendency is to shoot first and ask
5240 questions later. We are all carrying their black eyes.''
5241 Now, that is a quote.

5242 A senior U.S. commander serving in Iraq said, ``Many of
5243 my peers think Blackwater is oftentimes out of control. They
5244 often act like cowboys over here.'' Another U.S. military
5245 commander put it bluntly: ``Iraqis hate them. The troops
5246 don't particular care for them, and they tend to have a
5247 know-it-all attitude, which means they rarely listen to

5248 | anyone, even folks that patrol the grounds on a daily
5249 | basis.''

5250 | And I can go on and on. But I would like you to address
5251 | how we can, if you will, be sure that our military has the
5252 | training, you, the State Department contract, and you go to
5253 | private firms. If you see areas of our training that are
5254 | missing, would you make that recommendation to the Department
5255 | of Defense?

5256 | Ambassador SATTERFIELD. Madam Congresswoman, there are
5257 | different missions in Iraq today. Certainly, the ones you
5258 | raise are ones that can be considered by the Department of
5259 | Defense and by the Joint Chiefs in terms of the mission to be
5260 | assigned to U.S. forces, whether in Iraq or elsewhere. I
5261 | really can't speak to that.

5262 | What I can speak to is the oversight and accountability
5263 | which the Department of State has and must exercise over
5264 | those private security contractors that work for us today in
5265 | Iraq. That is a responsibility we take quite seriously. It
5266 | is a responsibility that we will be carrying out in terms of
5267 | this overall review in a very comprehensive fashion and we
5268 | will make the results of that available.

5269 | Ms. WATSON. Okay, my time is up, and there is a call to
5270 | go to the Floor. But I would just like to say in closing as
5271 | I run out the door, I think somebody from the State
5272 | Department ought to come and talk to me.

5273 Chairman WAXMAN. Thank you, Ms. Watson.

5274 Ambassador GRIFFIN. We will get on your schedule at your
5275 earliest convenience, and we look forward to talking to you.

5276 Chairman WAXMAN. Mr. Shays?

5277 Mr. SHAYS. Thank you.

5278 Gentlemen, would you agree that there is a huge
5279 difference between an ambassador in a country where there is
5280 not a threat to their lives and the challenge that that
5281 ambassador would have with a contracting team that is to
5282 protect them and one in places like Jordan and other areas in
5283 the Middle East and particularly Iraq? Is there not a big
5284 difference? In other words, don't you have a lot more
5285 contractors having to secure people in place like Iraq versus
5286 what an ambassador would have to protect his or her
5287 well-being?

5288 Ambassador SATTERFIELD. Some of the personnel that we
5289 have under contract--

5290 Mr. SHAYS. I want you to move the mic closer, please.

5291 Ambassador SATTERFIELD. I am sorry?

5292 Mr. SHAYS. Move the mic closer to you, please.

5293 Ambassador SATTERFIELD. Some of the people at our posts
5294 around the world are part of our local guard force. And
5295 those local guards--

5296 Mr. SHAYS. You are not answering the question. I asked
5297 is there a difference.

5298 Ambassador SATTERFIELD. There is a huge difference
5299 between Baghdad--

5300 Mr. SHAYS. Thank you, there is a huge difference.

5301 Ambassador SATTERFIELD. My point is there are guards--

5302 Mr. SHAYS. Case closed. Let me take the next question.

5303 I only have five minutes. It's an easy answer. There is a
5304 big difference. The men and women who are being defended in
5305 Iraq by security people, their lives are in danger every day.

5306 Now, Mr. Satterfield, isn't it true the ambassador has
5307 responsibility in Iraq for those security personnel?

5308 Mr. MOSER. Indeed he does, Congressman.

5309 Mr. SHAYS. Thank you. And does exercise it?

5310 Mr. MOSER. Yes, he does.

5311 Mr. SHAYS. Thank you. Would you tell me, Mr.
5312 Satterfield, can you describe the process that is followed by
5313 the Department--excuse me. Let me ask this question. If
5314 there were sufficient, I would like to know if there were
5315 sufficient military personnel to provide armed escorts for
5316 convoys in Baghdad and conduct protection, would you still
5317 use contractors to provide such security?

5318 Ambassador GRIFFIN. As I mentioned a minute ago, Mr.
5319 Shays, if the outstanding young men and women of the military
5320 received training in protective security operations, then
5321 they certainly would be capable of performing--

5322 Mr. SHAYS. That is not what I asked. I want to know if

5323 | you have a preference for using--and I am sorry, these are
5324 | basically simple questions. I want to know if your choices
5325 | between people, outside contractors, or would you like to use
5326 | the resources of the military to have to spend their time to
5327 | protect State Department employees. Do you want State
5328 | Department employees to go around in HumVees with lots of
5329 | armored personnel, or would you prefer that they go around
5330 | the way they do in civilian clothes with people who are
5331 | securing them that aren't in Army uniforms?

5332 | If you prefer the Army, tell me to do it.

5333 | Ambassador GRIFFIN. All I was saying is the Army would
5334 | be capable of doing it if it was done in the manner which we
5335 | prescribed, which would not be HumVees, they would not be in
5336 | uniforms. The protective security personnel that we utilize
5337 | are trained for that specific mission.

5338 | Mr. SHAYS. If they were Army personnel, would they be
5339 | under your command and oversight? Or would they be under the
5340 | command of the Army?

5341 | Ambassador GRIFFIN. If they were performing a protective
5342 | mission of the ambassador and other--

5343 | Mr. SHAYS. Do you command the Army or does the Army
5344 | command the Army?

5345 | Ambassador GRIFFIN. The Army command the Army.

5346 | Mr. SHAYS. So the answer is, isn't it, that they would
5347 | be under the command of the Army and not under your

5348 | jurisdiction and oversight if they were in fact Army? I
5349 | don't want to put words in your mouth?

5350 | Ambassador GRIFFIN. No, no. Well, I guess they would
5351 | be.

5352 | Mr. SHAYS. I am just asking the question. Yes, sir.

5353 | Let me ask you this. Would it be a problem if in fact
5354 | you had no responsibility and they were to be answerable to
5355 | the Army? Generals and so on.

5356 | Ambassador GRIFFIN. I think that is a national policy
5357 | consideration, as to the staffing levels of the Army to
5358 | perform that mission.

5359 | Mr. SHAYS. Well, as a Peace Corps volunteer, and I will
5360 | just make this point, the last thing you want when you are
5361 | going into the community is to come in with a military force.
5362 | What you want is to have a low profile. You want a protocol
5363 | that says you don't bring in tanks, you don't bring in
5364 | HumVees, you bring in a civilian car, you want people dressed
5365 | in civilian clothes for the most part, not dressed in Army
5366 | uniform.

5367 | Let me ask you in closing, Mr. Satterfield, when Mr.
5368 | Bremer went into places, wasn't one of the criticisms that he
5369 | was going in with the Army, with a high profile of military
5370 | personnel and having an Army footprint instead of having a
5371 | civilian footprint?

5372 | Ambassador SATTERFIELD. Congressman, around the world,

5373 | whether it is at a critical threat post or a different threat
5374 | level post, we try to make our protective details, our
5375 | presence, as low profile as possible consistent with the
5376 | protect mission; as unobtrusive as possible, and as
5377 | consistent with the civilian setting in which we operate as
5378 | possible.

5379 | Mr. SHAYS. Thank you.

5380 | Chairman WAXMAN. The gentleman's time has expired.

5381 | Mr. Cooper?

5382 | Mr. COOPER. Thank you, Mr. Chairman.

5383 | I took my 88 year old mother to the movies the other
5384 | day. We saw a movie called No End In Sight. It is really
5385 | more of a documentary than a movie. In the middle of it,
5386 | they say that the following footage was filmed by a U.S.
5387 | security contractor, and he or she set the film footage to
5388 | their own music. So it sounds like MTV, driving rock music.
5389 | But the video footage is truly startling. It is shooting up
5390 | cars, apparently on a street in Baghdad, killing civilians,
5391 | to this driving rock music.

5392 | Is the State Department aware of this film or have you
5393 | made inquiries as to which contractor, employee or
5394 | independent contractor shot this footage?

5395 | Ambassador GRIFFIN. No, I am not familiar with the
5396 | footage.

5397 | Mr. COOPER. And you are not familiar with the fact that

5398 | it is being shown all over America?

5399 | Ambassador GRIFFIN. I am not familiar with the footage.

5400 | Mr. COOPER. Ambassador Satterfield, same answer?

5401 | Ambassador SATTERFIELD. I am aware of that footage. It
5402 | is outrageous. The U.S. Government responded in just that
5403 | fashion at the time it was initially circulated, I believe
5404 | that was some years ago. It may be featured in a movie
5405 | today, but the film footage is not new. It does not reflect
5406 | in any way the standards of conduct that are prescribed by
5407 | our regional security office on the operation of any private
5408 | security contractor operating in Iraq, not today and not
5409 | then.

5410 | Mr. COOPER. So you have not seen it, but you know it is
5411 | not true?

5412 | Ambassador GRIFFIN. I have seen that footage.

5413 | Mr. COOPER. Mr. Ambassador, you say in your testimony,
5414 | in those rare instances when security contractors must use
5415 | force, management officials at the embassy conduct a thorough
5416 | review to ensure that proper procedures were followed.
5417 | Ambassador Negroponte has tried something similar just days
5418 | ago. The Committee tried to find out about an incident that
5419 | happened on November 28th, 2005. That is when a Blackwater
5420 | convoy deliberately smashed into 18 different cars en route
5421 | to and from the Ministry of Oil. Blackwater's own internal
5422 | memo on the incident said that Blackwater's tactical

5423 | commander on that mission ``gave clear direction to the
5424 | primary driver to conduct these acts of random negligence for
5425 | no apparent reason.''

5426 | We have the Blackwater memo right here, the Blackwater
5427 | aviation team that was accompanying convoy pointed out the
5428 | problems. It also says that when Blackwater officials
5429 | responsible were questioned about this incident, they gave
5430 | statements, official statements, that your own employees said
5431 | were ``deemed to be invalid, inaccurate and at best dishonest
5432 | reporting.''

5433 | So we have a problem here, and the State Department
5434 | investigates problems. Well, when the Committee asked the
5435 | State Department about this incident, we got no response. So
5436 | we don't know whether that means you investigated it and
5437 | won't tell us, or you didn't investigate it. Which is it?

5438 | Ambassador GRIFFIN. There were a number of incidents
5439 | that the Committee requested reports on six days ago. I
5440 | regret that we were unable to pull all those reports together
5441 | in time for the hearing. We will certainly provide those
5442 | reports for the record.

5443 | Mr. COOPER. We requested this in March of this year. So
5444 | it has been more like six months than six days. Are you
5445 | saying that Blackwater's record-keeping is better than yours?

5446 | Ambassador GRIFFIN. No, I am saying that there were a
5447 | number of other requests made six days ago, and I don't have

5448 instant recall of all of them. But we will certainly get a
5449 report to you about this particular incident.

5450 Mr. COOPER. Another question. Blackwater testified they
5451 hired away a number of military personnel. And Secretary
5452 Gates is even worried about that, and has talked about
5453 non-compete agreements. How many diplomatic security folks
5454 have they hired away?

5455 Ambassador GRIFFIN. I am not aware that they have hired
5456 any.

5457 Mr. COOPER. Do you take that as an insult, they don't
5458 covet your employees?

5459 Ambassador GRIFFIN. No.

5460 Mr. COOPER. Do you take it as an insult that we have to
5461 have extra help in so many places around the world, including
5462 Haiti? Are you not training your folks up to that level?

5463 Ambassador GRIFFIN. I take it as an indicator of the
5464 environment that we are operating in a number of posts around
5465 the world.

5466 Mr. COOPER. Have you requested the money or the training
5467 or the resources to train your people up to the level that we
5468 need them in Jerusalem and Port Au Prince and Kabul and
5469 Baghdad and Basra and lots of places around the world?

5470 Ambassador GRIFFIN. My people have the training
5471 necessary to work in those areas, and they are working there.
5472 But we don't have the numbers of people that it would take to

5473 fully staff all of those operations, and we don't have all of
5474 the various areas of expertise, as I mentioned, such as
5475 helicopter pilots and medics and armorers and mechanics, et
5476 cetera.

5477 Mr. COOPER. Have you asked for the additional resources
5478 so that you could augment your forces to meet the mission in
5479 those areas?

5480 Ambassador GRIFFIN. We have requested additional
5481 resources. But again, the question includes whether or not
5482 you hire a full-time Government employee who is an employee
5483 for 25 or 30 years when the mission might only last 2 years.
5484 So certainly there is a middle ground somewhere.

5485 Mr. COOPER. So the State Department is saying we are
5486 exiting from Iraq in two years?

5487 Ambassador GRIFFIN. No. I am just saying that we have
5488 deployed in other places, going back to 1994. And certainly
5489 at the beginning of a mission, it is hard to predict exactly
5490 how long the operation will go on. But that we have operated
5491 in a number of different countries using these protective
5492 security specialists.

5493 Chairman WAXMAN. The gentleman's time has expired.

5494 Mr. Issa.

5495 Mr. ISSA. Thank you, Mr. Chairman.

5496 I am going to continue along that line, because I think
5497 it is a very good line of questioning, and I appreciate this

5498 | part of the hearing, because I think we are getting to some
5499 | fundamental questions about, we are supposed to be Oversight
5500 | and Reform. And if at the end of this day the oversight
5501 | doesn't lead to constructive dialogue on reform, then we
5502 | didn't do our job.

5503 | When we look at nominally a thousand security people
5504 | related to the State Department, 800, almost 900 in Iraq, if,
5505 | hypothetically they all were standard pays and training that
5506 | you have somewhere else in the world, how often would you
5507 | have to be rotating these people in? This is assuming that
5508 | every one of those 900 or so positions were standard security
5509 | within the State Department security apparatus. What would
5510 | that do to your rotating into Iraq? How often would these
5511 | people be going to Iraq?

5512 | Ambassador GRIFFIN. Presently, the rotation is one year.

5513 | Mr. ISSA. No, no, that is not what I am saying. What is
5514 | the total number of Government employee RSOs and below that
5515 | you have at your disposal world-wide, not including
5516 | contractors?

5517 | Ambassador GRIFFIN. Our total staffing is roughly 1,450.

5518 | Mr. ISSA. Okay. So every year, almost, figuring
5519 | schooling and retirement, every year you would be rotating
5520 | half your people in. You have 1,400. If we added 1,000,
5521 | then you would have 2,400 and you would need 1,000 of them in
5522 | Afghanistan and Iraq, is that right?

5523 Okay, so this is a surge of huge proportion, isn't that
5524 right?

5525 Ambassador GRIFFIN. Yes, it is.

5526 Mr. ISSA. But let's go to a couple other areas.

5527 Ambassador Satterfield, you and I have known each other
5528 for a few years, because of my travels to Lebanon while you
5529 were there. You have been a specialist in the Middle East.
5530 When you were Ambassador in Lebanon, this is an area in which
5531 the State Department contracts itself for its employees, is
5532 that correct?

5533 Ambassador SATTERFIELD. That is correct.

5534 Mr. ISSA. Okay. At the time that you were Ambassador in
5535 Lebanon, what was your amount of career foreign service
5536 personnel that were security, your RSO and so on, versus the
5537 contracted personnel that were mostly Lebanese?

5538 Ambassador SATTERFIELD. We had a team of approximately
5539 eight RSOs. We had approximately 450 local guards who mainly
5540 performed static guard duties of mission. We had a team of
5541 about 75 bodyguards who had a specialty protective rule both
5542 at the compound and more importantly, outside the compound.

5543 Mr. ISSA. And substantially, that is still what is going
5544 on at Embassy Beirut?

5545 Ambassador SATTERFIELD. Those ratios have changed,
5546 Congressman, in terms of the number of local guards, the
5547 number of bodyguards and the number of RSOs. But the ratios

5548 | in general are similar.

5549 | Mr. ISSA. So I am trying to understand, from a
5550 | standpoint of how you do business in a situation like Beirut,
5551 | which since 1983 has been unique, you have refined it. But
5552 | for all practical purposes, what you do is you use your
5553 | career State Department people, many of them at the pinnacle
5554 | of their training and experience, to oversee essentially 75
5555 | mostly national--

5556 | Ambassador SATTERFIELD. All national.

5557 | Mr. ISSA. All national trigger-pullers, to use a term
5558 | that has been used here today, and another 450 watchtower
5559 | people. And that is an efficient way to leverage your U.S.
5560 | citizens relative to the total exposure to the U.S.
5561 | Government at Embassy Beirut.

5562 | Ambassador SATTERFIELD. In Beirut, we found it a highly
5563 | effective way to run the operation.

5564 | Mr. ISSA. Okay. So this is a model that would not be
5565 | unreasonable if we knew we were going to be doing the next 20
5566 | years in Iraq at this level? Is that true, Ambassador
5567 | Griffin?

5568 | Ambassador GRIFFIN. That is true. And the fact is that
5569 | if you look at all of our posts world-wide, we have in excess
5570 | of 30,000 local guard force employees that secure our embassy
5571 | and consulate facilities overseas.

5572 | Mr. ISSA. Okay, so I am going to ask you the question,

5573 | this is the reform question, again. Do you have or are you
5574 | working out plans for areas like Haiti, Bosnia, Afghanistan
5575 | and Iraq to increase the number of direct contract personnel,
5576 | particularly indigenous, where appropriate, in order to both
5577 | increase the domestic participation and reduce the reliance
5578 | on out of country and comparatively expensive contract
5579 | people?

5580 | Ambassador GRIFFIN. I think Mr. Moser can talk about the
5581 | cycle for our contracts and the fact that they are of a short
5582 | term. We are always looking for ways to improve the way we
5583 | do business.

5584 | Mr. ISSA. I understand that you can terminate Blackwater
5585 | at the end of a year, any time you want. But I guess the
5586 | question, because this is a Committee that should be looking
5587 | at the long-term costs, and I share with the Chairman the
5588 | fact that we shouldn't be spending \$200,000 forever if we
5589 | could be spending in some cases a lesser amount and getting
5590 | as good or better service, whether or not that is a career
5591 | foreign service person or an indigenous person taking the
5592 | place.

5593 | Mr. MOSER. Mr. Issa, I have been in the Foreign Service
5594 | for a number of years, too, and I have actually been, visited
5595 | or actually served in a couple of posts in the Middle East.
5596 | I think my career colleagues in diplomatic security would
5597 | agree that our preference is to always use local personnel

5598 | for these services, if it is possible to do so. It is not in
5599 | the State Department's interest to have expatriate
5600 | contractors for these kinds of services. It is only
5601 | something we do in the most extreme circumstances. Just as
5602 | you pointed out, and in Mr. Satterfield's experience in
5603 | Beirut, that is closer to our traditional model.

5604 | Chairman WAXMAN. Thank you very much, Mr. Issa.

5605 | Mr. ISSA. Thank you, Mr. Chairman.

5606 | Chairman WAXMAN. Mr. Lynch?

5607 | Mr. LYNCH. Thank you, Mr. Chairman. I want to thank the
5608 | panelists for their testimony.

5609 | Ambassador Satterfield, in the testimony you prepared
5610 | for today's hearing, you wrote: "In those rare instances
5611 | when security contractors must use force, management
5612 | officials at the embassy conduct a thorough review to ensure
5613 | that proper procedures were followed." I would like to ask
5614 | you about the investigation conducted by the State
5615 | Department, and a couple of incidents we have looked at. I
5616 | might only get through one.

5617 | During our investigation, we found that on June 25th,
5618 | 2005, a Blackwater operator shot and killed an innocent Iraqi
5619 | bystander in Al-Hillah. According to State Department
5620 | e-mail, Blackwater personnel failed to report the shooting,
5621 | they covered it up, and subsequently they were removed from
5622 | Al-Hillah. The State Department then in their e-mail asked

5623 Blackwater to pay \$5,000 in compensation.

5624 But we have no information showing that the State
5625 Department ever conducted an investigation of that incident
5626 in Al-Hillah. Could you tell me, was an investigation ever
5627 conducted?

5628 Ambassador SATTERFIELD. Congressman, if you will, we
5629 will get back to you with full details of that incident and
5630 the investigatory follow-up.

5631 Mr. LYNCH. You are kidding. This is a June 25th, 2005
5632 case.

5633 Ambassador SATTERFIELD. Congressman, we will respond in
5634 detail on the questions you have posed.

5635 Mr. LYNCH. But sir, you were the Deputy Chief of Mission
5636 at the time. You don't recall this?

5637 Chairman WAXMAN. Congressman, I do not recall in the
5638 fashion necessary to respond to your question in the detail
5639 it deserves.

5640 Mr. LYNCH. I am just asking if there was an
5641 investigation. That is not, okay, you have the shooting, you
5642 were there, do you remember if there was an investigation?
5643 That is not heavy on detail?

5644 Ambassador SATTERFIELD. And Congressman, I would prefer
5645 to respond to you in writing on this.

5646 Mr. LYNCH. Are you refusing to answer?

5647 Ambassador SATTERFIELD. No, Congressman, I want to give

5648 | you a full answer. I am not able to do that at this time.

5649 | Mr. LYNCH. I am just looking for a yes or no. Was there
5650 | an investigation, yes, if there wasn't an investigation, no?

5651 | Ambassador SATTERFIELD. I am not able to confirm the
5652 | details of what happened following that incident at the time.

5653 | Mr. LYNCH. I am not looking for the details. I am just
5654 | looking for the fact of an investigation, did it occur or
5655 | didn't it occur?

5656 | Ambassador SATTERFIELD. Congressman, I will have to
5657 | check on that for you.

5658 | Mr. LYNCH. So you don't know, you don't remember if
5659 | there was an investigation?

5660 | Ambassador SATTERFIELD. I cannot recall.

5661 | Mr. LYNCH. Okay.

5662 | Chairman WAXMAN. Will the gentleman yield to me?

5663 | Mr. LYNCH. I will yield to the gentleman.

5664 | Chairman WAXMAN. The Committee asked for investigative
5665 | reports and other documents relating to incidents involving
5666 | allegations of Blackwater's misconduct which would presumably
5667 | include shooting civilians and seeking to cover it up. But
5668 | virtually none were provided. That fact alone casts doubt on
5669 | the sufficiency of any State Department investigations into
5670 | these incidents.

5671 | We have had a better response from Blackwater than we
5672 | have from the State Department on getting information. Does

5673 | that bother you as much as it bothers me, or do you have to
5674 | find out whether you feel that way or not?

5675 | Ambassador SATTERFIELD. No, Mr. Chairman. I--

5676 | Chairman WAXMAN. I can't understand why we don't get
5677 | responses from the State Department.

5678 | Ambassador SATTERFIELD. We will be responding fully to
5679 | the all of the requests made both at this hearing and by the
5680 | Committee.

5681 | Chairman WAXMAN. Well, some of these requests were made
5682 | in March, some were requested in June, we are already holding
5683 | the hearing. We made requests so that we could have them
5684 | before the hearing, not so that we could get them after the
5685 | hearing.

5686 | I thank the gentleman for yielding.

5687 | Mr. LYNCH. With all due respect, reclaiming my time,
5688 | sir.

5689 | Look, what I am getting at is this. The State
5690 | Department works hand in hand with Blackwater, from my own
5691 | experience in Iraq, in a fairly coordinated team approach in
5692 | protecting State Department personnel. The closeness of that
5693 | relationship between State Department personnel, look,
5694 | Blackwater is protecting these folks every single day in a
5695 | very hostile environment. Friendships develop. Reliance
5696 | develops. It is just not possible, because of the conflict
5697 | that is created, that the folks that are being protected,

5698 State Department, are going to do an objective job in
5699 reviewing the conduct of the people who are protecting them.

5700 And all I am suggesting is this, please, if you can
5701 answer this question. Don't you think it might provide a
5702 little separation and a more objective assessment of
5703 Blackwater's conduct if we had a special inspector general
5704 reviewing those incidents, so that there be a little space
5705 there, they wouldn't be reviewing the conduct of people that
5706 protect them every day? If you would take a crack at an
5707 answer on that one. Thank you.

5708 Ambassador SATTERFIELD. Congressman, we do take the
5709 issue you raised very seriously, about distance,
5710 transparency, objectivity of review of incidents, as well as
5711 objectivity of review of rules of operation in general,
5712 conduct in general. We are looking at that right now
5713 comprehensively.

5714 But to go back to your original question, do we believe
5715 it is possible to objectively oversee the operation of
5716 security personnel in the field who protect us? Yes, we
5717 believe that is possible. It is executed every day around
5718 the world. There are dismissals from service made every day
5719 in response to incidents. This is done.

5720 But we are looking at the overall picture in Iraq right
5721 now. And we will consider what steps may be appropriate.

5722 Mr. LYNCH. Here is my problem with that answer. The

5723 | case which I cited, there was a killing of an innocent Iraqi,
5724 | the RSO in question, I think, worked for you and Ambassador
5725 | Griffin. They were part of the review of the incident
5726 | itself. So just from an objective standpoint, looking at the
5727 | whole situation, there may have been some complicity or some
5728 | involvement, or, let's call it negligence even on the part of
5729 | that individual, and they are now reviewing the events in
5730 | question.

5731 | So that is all. I would just like some good, hard
5732 | objective review of the conduct here that would not be
5733 | tainted by these relationships. I yield back.

5734 | Chairman WAXMAN. Thank you. Blackwater and the private
5735 | contractors have to be responsive to you. But you have to be
5736 | responsive to us. We have the oversight jurisdiction and you
5737 | have the oversight jurisdiction over Blackwater. We want to
5738 | know if you are exercising that oversight responsibility.

5739 | Ms. Schakowsky.

5740 | Ms. SCHAKOWSKY. Thank you, Mr. Chairman.

5741 | I would think that the State Department is very
5742 | concerned on whether or not these private contractors,
5743 | security contractors, are actually helping us achieve our
5744 | mission, that is, whether they are helping to win hearts and
5745 | minds or exactly the opposite.

5746 | So what we are seeing is that this is a benign function,
5747 | all these various incidents. Are they making the job harder?

5748 For example, after the Fallujah Four were humiliated and
5749 killed in Fallujah, we had the Battle of Fallujah, where a
5750 number of our forces who participated, a large number, were
5751 killed there. The latest incident that we had has enraged
5752 the Iraqis, but also shut down the Green Zone essentially, so
5753 that our diplomats couldn't leave for a certain period of
5754 time.

5755 I am just very concerned that all of these things have
5756 been virtually ignored, and in fact, when it comes to
5757 Blackwater, the position that seems to be taken with a number
5758 of different quotes of e-mails and memos has been, let's just
5759 pay people off and put this incident behind us. I could go
5760 back and quote all these various things, but I think you have
5761 probably been here and heard that.

5762 I am concerned that you are allowing these private
5763 contractors to hurt our mission in Iraq. And I would like a
5764 comment.

5765 Ambassador GRIFFIN. If I may, David. Again, realizing
5766 the environment that we are operating in in Iraq, just this
5767 calendar year, Blackwater has been involved in 3,073
5768 missions, protective missions on behalf of the State
5769 Department. Let me correct myself. There have been 3,073
5770 country-wide missions by the--

5771 Ms. SCHAKOWSKY. I heard all that. That is the
5772 Blackwater talking points. I have heard those.

5773 Ambassador GRIFFIN. This is a DS talking point. The
5774 reality is, this year, there have been 6,000 attacks per
5775 month going on in Iraq. That is the environment that they
5776 are trying to perform the protective mission in, 6,000
5777 attacks per month.

5778 Ms. SCHAKOWSKY. And I am not questioning the level of
5779 violence in Iraq. I am asking, and I will move on, I guess
5780 in some ways I was commenting that these private security
5781 guards who, we are unclear on what kind of oversight we can
5782 exert and what you can exert, have been damaging our mission
5783 in Iraq.

5784 So let me proceed to that. Under CPA, the Coalition
5785 Provisional Authority Order 17, contractors have immunity
5786 from the Iraq legal system. I heard you say, Ambassador
5787 Satterfield, that you were going to review, this is four
5788 years later, the effective of CPA Order 17. Don't you think
5789 there is prima facie evidence, since only two contractors
5790 that I know of have been prosecuted in any way that we are
5791 insufficiently providing oversight?

5792 Ambassador SATTERFIELD. Congresswoman, CPA Order 17--

5793 Ms. SCHAKOWSKY. Deals with Iraqi law.

5794 Ambassador SATTERFIELD.--which is part of Iraqi law--

5795 Ms. SCHAKOWSKY. Right.

5796 Ambassador SATTERFIELD.--provides immunities not just
5797 for security contractors, but for our armed forces in Iraq,

5798 | for diplomatic personnel of all diplomatic and consular
5799 | missions, not just that of the United States, in Iraq and for
5800 | contractors associated with them. It is a very broad
5801 | mission.

5802 | Ms. SCHAKOWSKY. And does it still apply to everyone?
5803 | They are not subject to Iraqi law at all?

5804 | Ambassador SATTERFIELD. CPA Order 17 provides immunities
5805 | for those classes of individuals, military and civilian,
5806 | diplomatic and non-diplomatic, operating in Iraq today. But
5807 | the question you raise, Congresswoman, is broader than the
5808 | operation of CPA Order 17, and we recognize that.

5809 | Ms. SCHAKOWSKY. Correct.

5810 | Ambassador SATTERFIELD. It deals with issues of
5811 | jurisdiction and authority in U.S. domestic law, not just the
5812 | operation of a piece of Iraqi law that provides immunity to
5813 | Iraqi prosecution.

5814 | Ms. SCHAKOWSKY. Right. And so is it your position that
5815 | a Blackwater contractor working for the State Department can
5816 | be court martialed in the military justice system?

5817 | Ambassador SATTERFIELD. The issue of jurisdiction and
5818 | operation of U.S. domestic law, the reach of U.S. domestic
5819 | law, over individuals who are covered by the operation of CPA
5820 | Order 17--

5821 | Ms. SCHAKOWSKY. No, no--

5822 | Ambassador SATTERFIELD.--in certain cases is a question

5823 | being examined now.

5824 | Ms. SCHAKOWSKY. So almost five years later, we are now
5825 | figuring out who is subject to what laws?

5826 | Ambassador SATTERFIELD. This is a broader issue than
5827 | Iraq, CPA Order 17 or Blackwater. It is a global issue
5828 | involving jurisdiction.

5829 | Ms. SCHAKOWSKY. Do you think it is a problem that almost
5830 | five years into, or four and a half years into the war, that
5831 | only two of the God knows how many people of the 160,000 we
5832 | think are now serving in terms of contractors have been
5833 | formally charged with anything and prosecuted? Don't you
5834 | think that is prima facie evidence that we are not doing
5835 | enough?

5836 | Ambassador SATTERFIELD. No, Congresswoman, because that
5837 | would require an examination of whether in fact there was a
5838 | body of individuals for whom there was reason to believe
5839 | prosecution should be made. And I am not able to comment on
5840 | that.

5841 | Ms. SCHAKOWSKY. So you would say that perhaps only two
5842 | people out of all those private contractors that have served
5843 | should be charged with anything?

5844 | Ambassador SATTERFIELD. Congresswoman, I am not able to
5845 | comment on culpability under U.S. law, existing or--

5846 | Ms. SCHAKOWSKY. I am asking you to comment on whether
5847 | our oversight structure is sufficient if that has been the

5848 | outcome.

5849 | Ambassador SATTERFIELD. There are significant issues
5850 | involving the clarity and application of U.S. domestic law
5851 | with respect to certain classes of individuals who operate in
5852 | environments such as Iraq, but not exclusively in Iraq.

5853 | Chairman WAXMAN. The gentlelady's time has expired.

5854 | Mr. Cummings?

5855 | Mr. CUMMINGS. Thank you, Mr. Chairman.

5856 | Gentlemen, first of all, thank you for being with us.
5857 | Blackwater has had enormous growth in the size of its Federal
5858 | contracts. Would you agree, Mr. Satterfield?

5859 | Ambassador SATTERFIELD. [No audible response.]

5860 | Mr. CUMMINGS. Mr. Moser?

5861 | Mr. MOSER. I have been told that that is true. I am
5862 | really only concerned with the growth of its size with regard
5863 | to the State Department. And that operation has grown some.

5864 | Mr. CUMMINGS. In 2000, the company had less than \$1
5865 | million in Federal contracts, but since then, the company has
5866 | received over \$1 billion in Federal contracts. I consider
5867 | that incredible growth for any company.

5868 | The first State Department contract that Blackwater got
5869 | was awarded in June of 2004, is that correct?

5870 | Mr. MOSER. Yes, that is correct.

5871 | Mr. CUMMINGS. It was a contract to provide security
5872 | services to State Department officials in Iraq. And it was

5873 | worth over \$300 million, is that correct?

5874 | Mr. MOSER. Yes, that is correct.

5875 | Mr. CUMMINGS. What bothers me is that this contract, and
5876 | I know you talked about this a little bit earlier, Mr. Moser,
5877 | but it was a no-bid contract.

5878 | Mr. MOSER. Yes, it was a sole source award.

5879 | Mr. CUMMINGS. And according to the Federal procurement
5880 | data base, the contract was awarded as a sole source contract
5881 | without any competition on the basis of urgency, is that
5882 | correct?

5883 | Mr. MOSER. On the basis of urgent and compelling,
5884 | because we were transitioning from the Coalition Provisional
5885 | Authority to a State Department entity, that is correct.

5886 | Mr. CUMMINGS. And how do we determine, let's say we have
5887 | 12 companies that can do the same thing. Do you just pick up
5888 | the phone and say, hey, guys, I think we want to give you
5889 | this \$300 million contract? What do you do? All things
5890 | being equal, urgent situation, how do you determine?
5891 | Because, let me tell you something, if you choose Blackwater
5892 | and I am Company X and I can do the same thing, and you say,
5893 | well, we gave it to Blackwater because of urgency, I want to
5894 | know, well, hey, why wasn't I in the pool for the urgent
5895 | group?

5896 | Mr. MOSER. Mr. Cummings, that is a very, very good
5897 | question. As the head of the acquisition activity, we are

5898 | always concerned about promoting competition. This one was
5899 | done for urgent and compelling reasons. It is something the
5900 | acquisition activity does very reluctantly. At the time when
5901 | that was done, there was market research done. We examined
5902 | the capabilities of four other firms and made the
5903 | determination whether they could take on this task of
5904 | providing these services.

5905 | Realizing that we had done a sole source contract, we
5906 | worked with our partners in diplomatic security and awarded
5907 | on a competitive basis the world-wide protective services
5908 | contract iteration two in the next year, so that we only had
5909 | a sole source award for that one year for urgent and
5910 | compelling reasons. And as I said earlier in my remarks,
5911 | because we were very concerned about this contract, we asked
5912 | for an independent cost audit to be done on this. This is
5913 | something we take very seriously.

5914 | Mr. CUMMINGS. Yes, you say the audit was done when?

5915 | Mr. MOSER. The audit was done actually in January of
5916 | 2005. In other words, of the current contract award. And we
5917 | actually negotiated down the cost of that contract by about
5918 | \$25 million.

5919 | Mr. CUMMINGS. Let me make sure I am clear on this. Are
5920 | you trying to tell me that when you did this evaluation, you
5921 | said there were four other companies, are you trying to tell
5922 | me that those four other companies were not as qualified as

5923 | this company?

5924 | Mr. MOSER. That is correct. Given the urgent and
5925 | compelling circumstances, we did not feel that they could
5926 | meet the Government's need at that time.

5927 | Mr. CUMMINGS. And were there any other companies that
5928 | you considered outside now of the total of five? In other
5929 | words, you have Blackwater, who got the contract, \$300
5930 | million, and then we have four other companies that weren't
5931 | apparently qualified. I guess I am concerned about this
5932 | qualified pool. I hear people talk about pools and who is
5933 | qualified. And I am trying to figure out who is qualified
5934 | and how are they qualified, because I can, I mean, I can
5935 | imagine there are a lot of people that feel like they have
5936 | not been treated right.

5937 | Mr. MOSER. And I agree with that, Mr. Cummings, and that
5938 | is the reason why we use the authority within the Federal
5939 | Acquisition Regulations to use an urgent and compelling
5940 | reason to award a contract very sparingly. This is the
5941 | reason why that when we did this particular award, we had it
5942 | reviewed by our procurement executive to make sure, and by
5943 | our competition advocates, to make sure that we were not
5944 | unjustifiably taking this action. That is the reason why we
5945 | were so anxious, one year later, to award this competitively.

5946 | Mr. CUMMINGS. It is my understanding that the previous
5947 | year they had a contract for \$3 million and then, lo and

5948 behold, the next year, \$300 million. Boy, that sounds like
5949 the lottery.

5950 Mr. MOSER. I can understand that, too. But I really
5951 can't speak about any contract that was awarded by the
5952 Coalition Provisional Authority.

5953 Mr. CUMMINGS. But would you have looked at those
5954 contracts? Would that have been a part of your
5955 consideration?

5956 Mr. MOSER. Yes. We would have actually examined those
5957 for the past performance criteria.

5958 Mr. CUMMINGS. And who made the decision? Who made the
5959 final decision to award it and who signed the contract?

5960 Mr. MOSER. I would have to look. I can't remember which
5961 one of my contracting officer's staff actually signed it. I
5962 would have to look at that contract. But that contracting
5963 action has gone through and we have actually given those
5964 documents to the Committee. I see my colleagues on the
5965 staff, they have received copies of those several times.

5966 Chairman WAXMAN. Did that go any higher than just your
5967 contracting officer? This is a pretty serious thing.

5968 Mr. MOSER. Yes, as I said, it was signed by the
5969 procurement executive of the Department of State, which is
5970 not part of the acquisition activity. He is an independent
5971 entity. It was also signed by our acquisitions attorney to
5972 make sure that it had full legal review.

5973 Mr. SHAYS. Was this in 2004? Not 2007, not 2006?

5974 Mr. MOSER. This was in 2004.

5975 Mr. SHAYS. It was in 2004 under Mr. Bremer?

5976 Mr. MOSER. No, actually 2004, as the embassy was stood
5977 up. In other words, the 2003 award, I think it was 2003, and
5978 this is where I am not really competent to speak, I think it
5979 was made under Mr. Bremer. And I can't really speak to that.
5980 I can only speak to the contracts the State Department has
5981 awarded.

5982 Chairman WAXMAN. May I ask this question of maybe the
5983 others, maybe Ambassador Satterfield or Ambassador Griffin
5984 would know, maybe you know, you told us who signed it, but
5985 who approved it? How high up did it go in the State
5986 Department for approval? It is a large contract.

5987 Mr. MOSER. Oh, okay. The head of the acquisition
5988 activity signed the sole source justification. That is the
5989 senior executive service officer. It was reviewed by the
5990 Deputy Assistant Secretary at the time who I replaced.

5991 Chairman WAXMAN. Deputy Assistant Secretary?

5992 Mr. MOSER. Deputy Assistant Secretary, yes.

5993 Chairman WAXMAN. Thank you.

5994 Mr. CUMMINGS. I just have one other question, very
5995 briefly. Do you look at a company's capacity to perform a
5996 contract?

5997 Mr. MOSER. Yes, we do.

5998 Mr. CUMMINGS. And did you look at it in this instance?

5999 Mr. MOSER. Yes, we did.

6000 Mr. CUMMINGS. Did they have the resources to do this
6001 contract at that time, or did they have to use the \$300
6002 million to ramp up to doing it?

6003 Mr. MOSER. No, in fact, Congressman Cummings, we
6004 actually always look at the capital requirements in the
6005 contract and then look and see if the contractor, the offeror
6006 in this case, because he is not really a contractor until he
6007 has gotten an award, if the offeror has the financial
6008 capacity in order to provide the resources that we are going
6009 to need.

6010 And this is a typical, this is very much a business
6011 analysis type decision. Because what we are looking to make
6012 sure is that they are going to be depending on the next
6013 paycheck to come so that they can actually keep on going. We
6014 never want to put the U.S. Government at risk in that kind of
6015 situation. Because in fact, our biggest criterion at the end
6016 of the day is what risk is the Government at in terms of the
6017 financial arrangements in the contract.

6018 Chairman WAXMAN. Thank you very much.

6019 In conclusion--yes?

6020 Mr. ISSA. We were going to alternate the time?

6021 Chairman WAXMAN. We had Mr. Cummings take the questions.
6022 Do you want to ask a question or two? Do you want a minute?

6023 Mr. ISSA. I do. My understanding, Mr. Chairman, was--
6024 Mr. SHAYS. Take a minute. He's given you a minute. Just
6025 take it.

6026 Chairman WAXMAN. Okay, your questions, in a minute.

6027 Mr. ISSA. I will be brief.

6028 Chairman WAXMAN. The gentleman is granted a minute.

6029 Mr. ISSA. The recent report by Retired General Jim Jones
6030 and Chief Ramsey appears to say in pretty much no uncertain
6031 terms that there are roughly 300,000 police forces throughout
6032 Iraq, 85 percent of whom are Shia, who are constituted in
6033 large amounts by people who are not working in the best
6034 interests of fairness and justice in Iraq, and that they have
6035 been so infiltrated by people who will in fact kill Sunis and
6036 do other things wrong that they should be, for all practical
6037 purposes, torn down and started over again.

6038 In that environment, and this is for Ambassador Griffin,
6039 what does that mean to anyone, DS or contractor, trying to
6040 protect your people when Iraqi police forces appear to be
6041 coming on the scene?

6042 Ambassador GRIFFIN. As you can well imagine, it is an
6043 extremely difficult task, as is, and if you are not sure if
6044 the people who are supposed to be supporting your mission are
6045 really with you or not, it only makes it more complicated.
6046 We recently had an incident in Baghdad in September where one
6047 of our convoys that was out to do an advance for a chief of

6048 mission motorcade proceeded through an intersection where the
6049 traffic was being held up by a police official in order to
6050 clear the way for our motorcade which was promptly hit by an
6051 EFP, an explosively formed penetrator.

6052 Mr. ISSA. The worst of all.

6053 Ambassador GRIFFIN. The worst of all. It resulted in
6054 three injured Blackwater employees who had to be Medivaced to
6055 the combat support hospital after the small arms fire ceased,
6056 because it was a complex attack.

6057 So it makes it extremely difficult. And it is part of
6058 this environment that I alluded to where you have 6,000
6059 attacks a month and you don't always know who is with you and
6060 who is against you.

6061 Chairman WAXMAN. Thank you--

6062 Mr. ISSA. Final question--

6063 Chairman WAXMAN. No, Mr. Issa--

6064 Mr. ISSA. Mr. Chairman, the rules of the Committee--

6065 Chairman WAXMAN. Your time has expired.

6066 Mr. ISSA. Mr. Chairman, are we going to have regular
6067 order?

6068 Chairman WAXMAN. Mr. Shays is recognized for any closing
6069 comment he wishes to make. Your time has expired. I am only
6070 going by the rules.

6071 Mr. ISSA. Mr. Chairman--would you yield for a final
6072 comment?

6073 Mr. SHAYS. No.

6074 Let me just thank you, Mr. Chairman, for holding this
6075 hearing and making sure it didn't focus on an incident we do
6076 not yet know the facts on. I want to thank our first panel
6077 and also our second and say, as I wrestle with this issue, it
6078 seems to me we are really debating whether, one, we want
6079 contractors or we want the Army. Or a second issue is, do we
6080 want the State Department to have its own protective force
6081 that would be paid employees. I think these are all issues
6082 that are valid and we need to have dialogue on it.

6083 I want to say to you again, Mr. Satterfield, when I have
6084 been in Iraq, you have been at the forefront of tremendous
6085 sacrifice for our Country. Mr. Griffin, our paths didn't
6086 really cross. But I just want to say to you, Mr.
6087 Satterfield, thank you for your service in Iraq.

6088 Again, Mr. Chairman, thank you.

6089 Chairman WAXMAN. I just want to conclude by saying, it
6090 is interesting how, at the end of the hearing, we come to the
6091 recognition on both sides of the aisle that this is a valid
6092 question and an important one, whether we should contract out
6093 these kinds of services in Iraq or anywhere else. At the
6094 beginning of this hearing, all we had from the other side of
6095 the aisle were complaints that we shouldn't even be holding
6096 this hearing.

6097 Now, as far as the State Department is concerned, what

6098 | we have heard is that this was anticipated to be temporary.
6099 | You need to quickly put out a contract, because it was going
6100 | to be a temporary matter. Yet the embassy was being built
6101 | for \$600 million. This doesn't indicate to me that there was
6102 | going to be a temporary presence in Iraq. It indicates to me
6103 | that we were planning to be in Iraq and may still be planning
6104 | to be in Iraq for a very long period of time.

6105 | I can't understand why a security officer that is hired
6106 | by Blackwater should be paid two or three times what our
6107 | commander in Iraq is paid. It confuses me why we need Mr.
6108 | Prince to figure out to hire military veterans and give them
6109 | the training to do the job that the State Department could do
6110 | with these military personnel. I just think no one cared
6111 | about the money because Blackwater was organized and you just
6112 | paid them an amount of money and they did the job.

6113 | From my point of view as a chairman of an oversight
6114 | committee, and I want to work together with Democrats and
6115 | Republicans, the taxpayers are not getting their money's
6116 | worth, by all the billions of dollars that have gone to
6117 | Blackwater and these other private security contractors, when
6118 | it could have been done a lot cheaper. And we are not
6119 | getting our money's worth, when we have so many complaints
6120 | about innocent people being shot, and it is unclear whether
6121 | they are actually being investigated by the State Department,
6122 | because we haven't had cooperation from the State Department

6123 | to even tell us if investigations have been done by them.

6124 | So if we are paying more and getting less than what we
6125 | can get from our military, I think that the American people
6126 | are entitled to ask why, and I still am not satisfied after
6127 | this whole long day of hearings, that I have had a good
6128 | answer to this question.

6129 | I thank the three of you very much for being here. We
6130 | will continue to be in touch with you, because we think you
6131 | owe us more answers and we are going to continue to ask the
6132 | questions until we get those answers.

6133 | The Committee stands adjourned.

6134 | [Whereupon, at 3:39 p.m., the committee was adjourned.]