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TWO NEW REPORTS CRITICIZE HALLIBURTON'S CONTRACTS IN IRAQ

Today, Rep. Henry A. Waxman, Ranking Minority Member of the House Government Reform Committee, and Rep. John D. Dingell, Ranking Minority Member of the House Energy and Commerce Committee, released two new reports regarding Halliburton's contracts in Iraq. The two reports describe evidence of overcharging by Halliburton and inadequate cost controls by Administration officials.

The first report, which was prepared by the Government Accountability Office, examines Halliburton's "LOGCAP" contract for providing food, housing, and other logistical support to the troops. The GAO report finds significant problems in almost every area of LOGCAP operations in Iraq, including ineffective planning, inadequate cost control, insufficient training, and a pattern of recurring problems with controlling costs, meeting schedules, documenting purchases, and overseeing subcontractors. In particular, GAO found that Administration planning was "ineffective" and "piecemeal," that there were "no spending limits for LOGCAP until spring 2004," that "it is difficult to know how much the contractor has actually spent," that Halliburton's requisitions "frequently lack sufficient documentation," that Halliburton "does not have good control over its subcontractors," and that military officials responsible for oversight "had little or no training."

The second report, which was prepared by the minority staff of the Government Reform Committee, presents the results of a nine-month investigation into Halliburton's contract to import gasoline into Iraq from Kuwait. The report compares what Halliburton charged for the gasoline imports with the costs now being incurred by a federal agency, the Defense Energy Support Center (DESC), to perform the same services. It finds that Halliburton charged over three times more than DESC to transport gasoline into Iraq and over 40 times more than DESC in fees and overhead. In total, Halliburton's charges over the prevailing market price were $1.27 more per gallon than those of DESC. Multiplied by the 131 million gallons of gasoline Halliburton imported from Kuwait into Iraq, Halliburton's extra charges exceeded $165 million.

In releasing the reports, Rep. Waxman stated: "The Bush Administration gave Halliburton a blank check and the taxpayer has been stuck with the bill. The reports document an egregious and systemic failure to protect against waste, fraud, and abuse."

"GAO confirms that neither the Administration nor Halliburton has paid attention to the taxpayers' interest in these no-bid contracts," said Rep. Dingell. "GAO alleges lax government oversight while Halliburton overcharged $88 million for 3.4 million meals they didn't serve.

Meanwhile, Halliburton was marking up Kuwaiti gasoline by more than triple the markup the Defense Department's in-house service charged, a potential $167 million overcharge. One can only speculate how this company continues to get these billion dollar no-bid deals."

Halliburton has the two largest contracts in Iraq: the "LOGCAP" contract to supply essential logistical support to the troops, such as housing, food, laundry, and other services, and the "RIO" contract to restore the Iraqi oil infrastructure. To date, Halliburton has been awarded over $8 billion under these two contracts ($5.6 billion for its logistical support work and $2.5 billion for its oil work).

The GAO report entitled, *Military Operations: DOD's Extensive Use of Logistics Support Contracts Require Strengthened Oversight*, as well as an accompanying fact sheet and the Committee staff report on Halliburton's gasoline overcharges, are all available at www.house.gov/reform/min.