

# Cheney, Halliburton Under New Fire on Hill

by Edward Spannaus

"All we know for sure, is that what the Vice President has said so far, is false," declared Rep. Henry Waxman (D-Calif.), at the opening of a major hearing on Iraq contracting and Halliburton held by the House Government Reform Committee on June 15—a hearing featuring a clumsy attempt by the Pentagon to cover up Dick Cheney's role.

Two days before the June 15 hearing, Waxman sent a letter to Cheney, citing explosive new disclosures showing the involvement of the Vice President's office in the awarding of two major Department of Defense (DOD) contracts to Halliburton, the giant oil-services company that Cheney headed for five years before taking office as Vice President in January 2001.

The two awards at issue are: 1) a Nov. 11, 2002 "task order" to develop a secret contingency plan to restore and operate Iraq's oil infrastructure after the invasion of Iraq; and 2) a March 8, 2002 sole-source contract, worth up to \$7 billion, to implement the secret contingency plan. The "task order" was awarded under the global logistical contract which had been awarded to Halliburton by the Army in 2001; the Iraq portion of this contract has earned Halliburton almost \$5 billion to date.

Although Cheney has repeatedly denied that his office had any involvement or contacts with the Defense Department pertaining to the oil contracts, Waxman documented that Cheney's chief of staff Lewis "Scooter" Libby was informed *before* the awarding of the "task order" contract. Much of the new information cited by Waxman came from a briefing given on June 8 to committee staff by Michael Mobbs, a "special advisor" to Undersecretary of Defense Doug Feith, and by other DOD officials.

Mobbs is a most curious fellow. He is a former law partner of Feith, and he has mainly come to public attention because of his involvement in issues involving prisoners and detainees in the so-called war on terrorism. He has described himself as the "focal point" in the Office of the Secretary of Defense (the civilian side of the Pentagon) on all matters relating to detainees—which raises the obvious question of his role in the escalating prisoner torture and war-crime scandal.

In the June 8 briefing, Mobbs acknowledged that the decision to award the initial contract to Halliburton was not made by career civil servants, but by political appointees, in particular by himself and an "Energy Infrastructure Planning Group"

which he headed. Mobbs somehow determined that other companies, such as Bechtel and Fluor, were not qualified, and so they were not even allowed to submit bids for the oil infrastructure contract.

Moreover, Mobbs said that Cheney's aide Libby was briefed on the pending award of the contract to Halliburton, at a meeting of the Deputies' Committee (a sub-group of the National Security Council), and that the purpose of the briefing was that Libby or other officials would have time to object, if they wished, before the contract was granted.

These revelations, widely covered in the U.S. news media, set the stage for the June 15 House hearing.

## A Clumsy Coverup

At the opening of the hearing, Waxman, the senior Democrat on the committee, noted that the focus of the hearings would be on the two largest Iraq contracts, both of which "went to one well-connected company: Halliburton." From whatever perspective these contracts are examined, Waxman declared, everything points to the same conclusion: "Halliburton is gouging the taxpayer, and the Bush Administration doesn't seem to care."

Waxman pointed out that the military is throwing money away on Halliburton, "when we don't have enough money to adequately equip and protect our soldiers," and cited, as examples, that "troops have died in Iraq because they lacked body armor and reinforced Humvees."

Waxman noted that Cheney had denied any knowledge about Halliburton's contracts, and that the Administration had consistently stated that the selection of Halliburton was made by career procurement officers, not political appointees. "Now, we know this is not true," Waxman said. "We don't know the full extent of the Vice President's involvement in the Halliburton contracts. All we know for sure, is that what the Vice President has said so far, is false."

The first indication of the scramble in DOD to contain the damage, was the addition of a new witness for the hearing: the acting Undersecretary of Defense and Comptroller, Lawrence Lanzilotta. Unlike other witnesses, Lanzilotta had no opening statement; instead, he and the Director of the Defense Contract Audit Agency, William Reed, oddly split up the reading of Reed's prepared statement.

When asked about Mobbs and the Deputies' meeting, Lanzilotta said the meeting had discussed two items: that the information about the Halliburton contract was *not* to be shared with Vice President Cheney; and that Cheney was to have no involvement with the contract. When Waxman asked the witness how he knew this, Lanzilotta answered, "We were told this today"—in other words, right before he came to testify.

It was at that point that Lanzilotta explained that he was only told the previous day that he was to be a witness. When Waxman asked Lanzilotta who told him about the Deputies meeting, Lanzilotta responded that it was the Public Affairs officer for the Pentagon, Larry DiRita. Later, Rep. Chris van

Hollen (D-Md.) elicited confirmation from Lanzilotta that he had not been at the Deputies meeting, and that the only account he had of it was from DiRita. Another witness, Deirdre Lee, the DOD director of procurement, said that she had learned that Mobbs was the “presenter” at the Deputies meeting, while they were “prepping” on Monday for the Tuesday testimony.

Why the Pentagon’s press officer should be providing a cover story for witnesses, was not explained. Indeed, in any venue other than a this one—a Congressional hearing run by Republicans attempting to protect a Republican administration—these procedures would be called witness tampering, if not obstruction of justice, by DoD.

Then, after the hearings, Cheney spokesman Kevin Kellums claimed that Libby had never told Cheney about the briefing to the Deputies Committee; Kellums also claimed to have confirmed, from National Security Council aide Frank Miller, that Libby had told the Deputies Committee that Cheney would not be informed. The Defense Department issued a statement asserting that the Vice President’s office played no role in the decision to award either the contingency planning contract or the oil restoration contract to Halliburton.

### **Further Hearings Scheduled**

As a result of the building pressure, the committee chairman, Rep. Tom Davis (R-Va.), was compelled to agree to a number of follow-up actions:

- Five or more “whistleblowers”—former Halliburton employees who have given statements about egregious fraud and waste by Halliburton, will be called to testify before the committee in July;
- The CEOs of Halliburton and Kellogg Brown and Root (KBR) will be formally invited by the committee to testify next month;
- The committee leadership will consider asking Defense Secretary Donald Rumsfeld to testify about contacts with the Office of the Vice President;
- Davis agreed he will give the Defense Department until June 30 to produce documents that were requested in March, and if not produced by then, they will be subpoenaed. In addition, the committee is asking DOD for documents concerning Mobbs’ role.

Meanwhile, other problems are escalating for Halliburton. On June 11, the company announced that the Securities and Exchange Commission (SEC) has opened a formal investigation of bribes paid in connection with a natural gas project in Nigeria, during the period in which Cheney was Halliburton’s CEO. It was disclosed early this year that the SEC, the Justice Department, and a French court were all probing the bribes. Then on June 17, Halliburton fired the chairman of its KBR subsidiary, citing violations of its “code of business conduct” in connection with the Nigeria gas project.

It may be a long, hot Summer for Halliburton and its former CEO.