

Halliburton, KBR and The Nigeria Slush Fund

by Michele Steinberg

The Department of Justice is investigating the operations of Halliburton's subsidiary KBR in Nigeria, and the investigation could well require the convening of a grand jury and the appointment of a special prosecutor, just as was required in the leak of the identity of CIA covert agent, Valerie Plame.

The DoJ and the Securities and Exchange Commission (SEC)—which cannot bring criminal charges against a company or individual—both opened investigations in the wake of French magistrate Judge Renaud Van Ruymbeke's probe of \$180 million in funds believed to have gone for bribes and political payoffs, including some illegal payments to the Republican Party or the Bush-Cheney campaign. The French investigation began in October 2003.

The investigation has grown so large that on June 17, Albert J. "Jack" Stanley, the former President and Chief Executive Officer of Kellogg, Brown and Root, the lucrative Halliburton subsidiary, was sacked from Halliburton, and denounced for having violated Halliburton's "code of business conduct." When Halliburton issued its termination of Stanley, he was described as a "consultant," but it would be a big mistake to take that at face value. KBR is arguably the biggest moneymaker for Halliburton, and Stanley was its CEO and President until December 2003, holding that post for years while Dick Cheney was Halliburton's President and CEO. He and Cheney are "close friend(s)" reports Doug Ireland in the *Nation*. Stanley only stepped down as KBR's CEO *after* the French investigation of the Nigeria bribes was made public, and after several major KBR Iraq contracts with the Pentagon were referred for criminal investigation of overcharging and bribery.

The Nigeria-related money got into Stanley's Swiss bank accounts through Tristar, a Gibraltar company controlled by British attorney Jeffrey Teslar. Teslar got the money in payments from TSKJ, a KBR-led consortium which was given a monopoly over the development of a Liquefied Natural Gas facility for the state-owned NLNG company in Nigeria. Halliburton's press office has said that the funds in the Stanley account are not "company" money.

In a turn of events that could mean, according to several published sources, the indictment of U.S. Vice President Cheney, Teslar is cooperating with investigating French magistrate Renaud Van Ruymbeke—and may be cooperating with any or every other country and agency that wants to investigate: the U.S. Justice Department and Securities and Ex-

change Commission, investigators in Switzerland, the United Kingdom, and Nigeria.

Top officials in Cheney's office are poring over documents to "analyze" the issue.

Who's Who

Shareholders, investigators, and the public can expect that Halliburton, Cheney, and KBR will offer explanations to obscure any responsibility for the actions under investigation relating to the Nigeria project. The following grid of players, and dates, is provided to help navigate through the fog.

TSKJ is a four-company joint venture team that has approximately \$7 billion in contracts from Nigeria LNG Limited, to develop, operate, and expand the liquefied natural gas facility in Nigeria. The joint venture name, TSKJ is taken from the four investment partners: Technip-Coflexip of France; Snamprogetti of Italy; KBR (formerly Kellogg, which became Kellogg, Brown and Root in 1998) of Halliburton; and JGC Corporation of Japan.

While TSKJ is reported as an "equal" venture, with each company owning 25%, the size and scope of the companies shows that KBR is the "alpha dog." According to Halliburton's March 22, 2002 press release, Japan's JGC has "an annual sales turnover of approximately \$3 billion." Italy's Snamprogetti, a company of the much larger ENI group, is "staffed by 3,300 employees" with "an average turnover of over 1,500 million [\$1.5 billion] U.S. dollars in the last five years." France's Technip-Coflexip, with a workforce of about 18,000 and "annual revenues of about 5 billion euros" is larger than the others, but still doesn't even approach KBR, which in April 2003 had a workforce of 24,000 in Iraq alone, and has more than \$10 billion in U.S. Defense contracts only for Iraq.

The most difficult sorting out process may be who owned what, and who was in control when the \$180 million in alleged bribe and slush fund money began flowing out of TSKJ. Dick Cheney's defenders have been quick to point out that the Nigeria project was "inherited" by Halliburton when Halliburton and Dresser Industries merged in 1998. However, Halliburton's own records show that additional contracts between TSKJ and Nigeria were signed during Cheney's tenure as Halliburton CEO—with Stanley heading KBR at the same time. One such contract, in 1999, increased the capacity to deliver the liquified natural gas by 50% above the original contract. Then, in 2001, Halliburton and Stanley celebrated the fact that KBR had been invited by the Nigerians to draw up plans to increase the LNG yield again.

Officials of the French company, Technip-Coflexip, deny they had anything to do with misuse of TSKJ, but Halliburton admits funds were channelled improperly—trying to blame it all on Jack Stanley. So far, the Italian and Japanese companies have not commented. A national commission in Nigeria, set up to study the matter, is due to issue a report in the near future.