



A flood of FRAUD

By: Russell Mokhiber and Robert Weissman
—Guest Columnists—

There's no question that post-hurricane relief and reconstruction in New Orleans and the Gulf Coast are going to pose many genuinely difficult challenges.

But some things seem pretty simple.

For example, it's a dumb idea to have cruise ships house evacuees and then pay the cruise lines at four times what they would charge vacationers. As it happens, however, that's exactly what the Federal Emergency Management Agency (FEMA) is doing. An investigation by Senators Tom Coburn (R-OK) and Barack Obama (D-IL), found that what should have been a short-term FEMA emergency deal is turning into a six-month boondoggle. FEMA has contracted with Carnival Cruise Lines, to the tune of \$192 million, to house hurricane evacuees on three cruise ships.

The result, according to the senators: "Taxpayers are paying, per evacuee, four times the amount a vacation cruise passenger would have to pay. Three Carnival ships are only half-full and mostly occupied by relief workers. Carnival's overhead costs in the FEMA operation are far lower than during normal cruises. The Carnival ships are docked. No fuel is being used and no entertainment is being provided to the relief workers. Yet, taxpayers are paying \$2,550 per guest per week, which is four times the cost of a \$599 per person, 7-Day Western Caribbean Cruise from Galveston, Texas.

Another thing that seems straightforward: The government should not be contracting with companies that have made a habit of ripping it off, or engaging in illegal and irresponsible activities. That happens to be the existing U.S. law, which stipulates that the government should contract only with "responsible prospective contractors." There are many companies that one might reasonably argue fail this test, but it would be hard to identify a corporation that fails it more miserably than Halliburton.

Noting this, 19 members of the Congressional Progressive Caucus recently wrote to President George Bush, urging that Halliburton be "suspended from any hurricane damage assessment and reconstruction contracts until the many ongoing investigations into the company are completed."

The abridged version of Halliburton's wrongdoing cited in the Progressive Caucus letter includes:

?Bribery. Halliburton has admitted that its KBR subsidiary "may" have bribed the government of Nigeria for the purpose of winning a multi-billion-dollar construction contract.

?Bid-rigging on foreign projects. The Justice Department has initiated a criminal inquiry into Halliburton for bid-rigging in connection with the company's work on foreign construction projects.

?An epidemic of fraud and waste in Iraq. The company has allegedly charged taxpayers \$45 for a pack of soda. The inspector general for the U.S. Coalition Provisional Authority found Halliburton charged the government \$2.85 million for hotel costs in Kuwait, even though cheaper housing arrangements were available. A defense audit agency says the company overcharged for fuel by more than \$200 million, and jacked up the price of meals served to troops.

The Progressive Caucus call was hailed by our colleagues at the Center for Corporate Policy and Halliburton Watch. "The feeding frenzy

of contracts being handed out to well-connected cronies and crooks threatens to add taxpayers to the list of those victimized by the administration's disastrous response to Katrina, just like we saw in Iraq," says Charlie Cray, director of the Center for Corporate Policy. He warns of the dangers of "a flood of fraud in the future."

While federal rules are designed to ensure the government contracts with firms that will do the work they are supposed to do honestly and in accord with labor, environmental and other relevant standards, the idea of suspending or debaring bad actor companies from getting their hands in the government still has some other, not-so-trivial benefits.

The U.S. government spends more than \$250 billion a year on goods and services. It is the largest consumer in the world. In many industries and for many companies, it is a crucial customer—if they can't get government business, they will feel real pain. Thus, even occasional application of the contractor responsibility standard against Fortune 500 companies would have a major deterrent effect on corporate crime and abuse.

Of course, Halliburton is not just another company, and so the odds of the Bush administration taking up the Progressive Caucus recommendation are not great.

On the other hand, who would have imagined Pres. Bush as he recently ordered federal agencies to "conserve natural gas, electricity, gasoline, and diesel fuel to the maximum extent consistent with the effective discharge of public responsibilities?"

Hurricane Katrina has stirred things up in Washington, as well as the Gulf Coast. Opportunities are opening, not just for the profiteers who hope to capitalize on the misery inflicted by Katrina and Rita, but also for advocates of social and environmental justice, as well as for a modicum of corporate accountability.

For a full dossier of Halliburton wrongdoing, and text of the Progressive Caucus letter, visit www.halliburtonwatch.org.

(Russell Mokhiber and Robert Weissman are co-authors of "On the Rampage: Corporate Predators and the Destruction of Democracy." Visit their web-site at www.corporatepredators.com.)

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Emmanuel Apostolic Church Holiday Greetings From
Pastor Michael Butler Sr, And The
Emmanuel Apostolic Church Family

You are welcome to attend our watch night celebration:
Saturday December 31st,
At 9:30 p.m. Speaker: Pastor Eunice Woods

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