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October 28, 2004

The Honorable Joseph E. Schmitz  
Office of the Inspector General  
United States Department of Defense  
400 Army Navy Drive  
Arlington, VA 22202-2884

Dear Mr. Schmitz:

I write to request that you investigate the recent allegations by a veteran of military procurement that the Army granted the Halliburton Company large contracts of work worth billions of dollars without following rules designed to ensure competition and fair prices to the government. I understand that the Army has referred Ms. Greenhouse's request to you and that you plan to review the allegations.<sup>1</sup> Please consider this an official request for a thorough and proper investigation of these allegations.

According to Monday's *New York Times*, Bunnatine H. Greenhouse, the top civilian contracting official for the Army Corps of Engineers, witnessed at least one case where Army officials inappropriately allowed representatives of Halliburton to sit in as they discussed the terms of a contract the company was set to receive. According to Ms. Greenhouse, "[e]mployees of the U.S. government have taken improper action that favored [Kellogg Brown & Root's] interest."<sup>2</sup> In this case, KBR (a subsidiary of Halliburton) was given a secret contract to fix oil facilities months before the war and then once the invasion occurred, it was determined that KBR was the only company in a position to carry out the plan. After asking repeated questions about the Halliburton contracts, she was excluded from major decisions to award money and her job status was threatened. In a letter to the acting Secretary of the Army, Les Brownlee, Ms. Greenhouse called for a high-level investigation of threats to the federal contracting program.<sup>3</sup> I join Ms. Greenhouse in expressing my concern that these allegations are very serious and deserve thorough investigation.

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<sup>1</sup> *Pentagon Probes Halliburton's Iraq Contracts*, [washingtonpost.com](http://washingtonpost.com) (Oct. 26, 2004).

<sup>2</sup> *A Top U.S. Contracting Official for the Army Calls for an Inquiry in the Halliburton Case*, *New York Times* (Oct. 25, 2004).

<sup>3</sup> *Id.*

As you know, the House Government Reform Committee on which I serve, has held a number of hearings investigating the government contracts to Halliburton, formerly headed by Vice President Dick Cheney, before he came to office. The company has received contracts for more than \$10 billion, some of them "no-bid" contracts and has been charged with over-billing and waste. Additionally, Pentagon auditors questioned Halliburton's billing practices and found many examples of reckless spending or unjustified charges.<sup>4</sup>

It is important for the American taxpayer as well as Members of Congress to understand the contracting process in Iraq and whether it unfairly benefitted one company. Accordingly, I request the you investigate these serious allegations in a timely manner.

If you have any questions, please have your staff contact Orly Isaacson, Legislative Director, at 202.225.7944.

Sincerely,



**CAROLYN B. MALONEY**

**Member of Congress**

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<sup>4</sup> *Id.*