
SUSPENSIONS AND DEBARMENTS

Since December 2005, the Special Inspector General for Iraq Reconstruction (SIGIR) has worked closely with the: Department of Justice (DoJ), Army Criminal Investigative Command, Defense Criminal Investigative Service, and the Army Legal Service Agency's Procurement Fraud Branch to suspend and debar contractors for fraud or corruption within the Army, including those involving Iraq reconstruction or Army support contracts in Iraq. These cases arise as the result of criminal indictments filed in federal district courts and allegations of contractor irresponsibility that require fact-based examination by the Army's Suspension and Debarment Official.

In June 2003, the Department of Defense designated the Department of the Army as the executive agent for contracting support to the Coalition Provisional Authority (CPA). As a result, the Army's Suspension and Debarment Program leads the effort to ensure the integrity of contractors performing these contracts. The goal of this program is to ensure that these contracts are awarded to, and performed by, contractors who are honest and ethical and who have the ability to successfully perform this important work. The Procurement Fraud Branch has also taken a leading role within the Army and at joint contracting organizations to train contracting officers to aid in the prevention and early detection of contractor fraud in Iraq reconstruction and support contracts.

To date, the Procurement Fraud Branch has suspended 18 individuals and companies, based on allegations of fraud and misconduct

connected to Iraq reconstruction. Included in this list are five individuals involved in the Bloom/Stein conspiracy, as reported in the October 2006 SIGIR Quarterly Report to The Congress. In addition, 17 individuals and companies have been proposed for debarment to the Army Suspension and Debarment Official, resulting in 9 debarments.

In addition to suspension and debarment actions, during the first quarter of 2007, the Suspension and Debarment Official formally requested that Parsons Corporation (Parsons) provide information regarding its current responsibilities as a government contractor. This action was based on allegations made by SIGIR against Parsons Global Services Company, a subsidiary of Parsons Corporation, regarding contracts awarded to Parsons by the U.S. Army Corps of Engineers, Gulf Regional Division. These allegations called into question the effectiveness of the company's standards of conduct and internal control systems, resulting in an inquiry based on the provisions of Defense Federal Acquisition Regulation Supplement (DFARS) Section 203.7000. No action has been taken to date against Parsons or its subsidiaries pending the outcome of this inquiry.

The Army also entered into an Administrative Compliance Agreement with Eagle Global Logistics, a freight forwarder operating in the Middle East, in May 2006. For information on specific actions by the Army Suspension and Debarment Official, see Table K-1.

APPENDIX K

NAME	POSITION	DATE SUSPENDED	DATE PROPOSED FOR DEBARMENT	DATE DEBARRED	REASON FOR ACTION	KNOWN PROCEEDS	CASE STATUS
Powell, Glenn Allen	LOGCAP Contractor	9/17/2005	12/13/2005	2/16/2006	Bribery of Government Official	\$113,000 in cash	Awarded contract to KBR subcontractor under LOGCAP III contract in exchange for 20% kickback of contract price. Employer unaware of actions. On August 19, 2005, pled guilty to two-counts of fraud.
DXB International	LOGCAP Sub-Contractor	7/25/2005	7/25/2005	9/29/2005	Failure to perform a contract		Failure to perform a contract for the delivery of ice to Army troops in Iraq. Case Closed.
Name Withheld	Contractor Employee	7/25/2005	7/25/2005		Failure to perform a contract		SDO decided against debarment. Case Closed.
Ludwig, Steven	LOGCAP Contractor Employee	7/25/2005	7/25/2005	9/29/2005	Failure to perform a contract		Failure to perform a contract for the delivery of ice to Army troops in Iraq. Case Closed.
Jasmine International Trading and Service Company	Contractor Employee-Area Support Group Kuwait		2/27/2006	6/2/2006	Bribery of Government Official	No known loss	Provided payments to Army finance office personnel at Camp Arifjan, Kuwait, for expedition of payments due on Army contracts. Kuwaiti National - no DoJ action. Nine Month Debarment. Case Closed.
Diaa, Ahmen Abdul Latif Salem	Contractor Employee -Area Support Group Kuwait		2/27/2006	6/2/2006	Bribery of Government Official	No known loss	Provided payments to Army finance office personnel at Camp Arifjan, Kuwait, for expedition of payments due on Army contracts. Kuwaiti National - no DoJ action. Nine Month Debarment. Case Closed.
Cahill, Christopher Joseph	LOGCAP Contractor Employee	2/27/2006	9/15/2006	11/9/2006	False Claims Act; False Statements		Pled guilty to a criminal information filed against him in the United States District Court, Central District of Illinois charging him with committing major fraud against the United States.
Philip H. Bloom d/b/a Global Business Group, Global Business Group Logistics S.R.L., GBG Holdings, and GBG Logistics Division in Iraq	Civilian Contractor - CPA-SC	11/28/2005			Money Laundering; Bribery; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	\$2,982,610 in contracts	Guilty plea entered March 10, 2006, sentenced February 16, 2007. Global Business Group and associated names were also suspended as part of this action.
Stein, Robert J., Jr.	CPA-SC Civilian Comptroller and Funding Officer	12/2/2005			Money Laundering; Bribery; Wrongful Conversion; Possession of Machine Gun; Non-Registration of Weapon; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	\$434,348 plus \$69,620 in weapons	Received plea information on March 30, 2006 - guilty to conspiracy, money laundering, bribery, possession of machine gun and aiding/abetting. Sentenced January 29, 2007, to nine years confinement, three years supervised release, forfeiture of \$3.6 million.
Wheeler, Michael B., LTC, USAR	Civil Affairs Team Leader, 432nd CA BN, USA	12/7/2005			Money Laundering; Bribery; Wrongful Conversion; Possession of Machine Gun; Non-Registration of Weapon; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	\$100,000 plus weapons	Indicted on February 1, 2007, in the United States District Court of the District of New Jersey. Awaiting Trial.
Harrison, Debra M., LTC, USAR	Assistant CPA-SC Comptroller and Funding Officer, 358th CA BDE, USA	12/20/2005			Money Laundering; Bribery; Wrongful Conversion; Possession of Machine Gun; Non-Registration of Weapon; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	\$330,000 plus weapons, business class airline tickets, and a 2005 Cadillac Escalade	Indicted on February 1, 2007, in the United States District Court of the District of New Jersey. Awaiting Trial.

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Hopfengardner, Bruce D., LTC, USAR	Civil Affairs Advisor, Iraqi Police, Al-Hilla Iraq	7/19/2006			Wire Fraud; Money Laundering; Interstate Transport of Stolen Property; Conspiracy; Wrongful Conversion	2004 Harley Davidson Motorcycle, 2004 GMC Yukon Denali, \$22,400 in cash, \$3,121 in investments, Breitling Watch, assorted camera equipment, to include 1 Canon EOS 10D, 1 EF 600 MM with 4 lenses and accessories, Toshiba Satellite Laptop Computer, Apple Laptop	Guilty plea entered August 25, 2006.
Salam, Faheem Mousa	Contractor - MNSTC-I	4/13/2006			Attempted Bribery of Government Official	No known loss.	Accused of offering cash payments to Iraqi police officials in exchange for contracts to supply the Civilian Police Assistance Training Team, Multi-National Security Transition Command - Iraq, with 1,000 protective vests and other equipment. Sentenced February 7, 2007 to 36 months confinement, 24 months supervised release, 250 hours community service, and \$100 Special Assessment.
Faiq, Alwan	Contractor Employee - GRD Baghdad	6/20/2006	12/28/2006		Bribery; False Claims	No known loss.	Attempted bribery by an Iraqi National of a USACE-GRD contracting officer in exchange for procurement sensitive information and favorable treatment on future contracts. Three Year debarment.
Danube General Contracting	Contractor - GRD Baghdad	6/20/2006	12/28/2006		Bribery; False Claims	No known loss.	Attempted bribery by an Iraqi company of a USACE-GRD contracting officer in exchange for procurement sensitive information and favorable treatment on future contracts. One Year debarment.
Qussay, Abdullah Hady	Subcontractor - Danube General Contracting; President, QHA Mechanical and Electrical Works	3/8/2007			Bribery; False Claims	No known loss.	Attempted bribery by an Iraqi National of a USACE-GRD contracting officer in exchange for procurement of sensitive information and favorable treatment on future contracts. Acted indirectly through third party to offer cash payments to USACE-GRD contracting officer.
Zahed, Mohamed Abdel Latif	Contractor Employee (Linguist); Titan Corporation, Camp Victory, Iraq	2/9/2007			False Claims	\$31,985 (later recovered from contractor)	Employee of Titan Corporation, U.S. citizen with New Jersey address, currently in hiding in Egypt. CID approached Titan with evidence of fraud and received reimbursement of all funds fraudulently received by employee.
Parsons Corporation, d/b/a/ Parsons Global Service, Inc.	Contractor for Iraq Reconstruction Projects				DFARS 203.7000	Unknown	Show cause letter sent to determine compliance with DFARS 203.7000 based on allegations made by SIGIR during congressional testimony and in audit reports.
Merkes, Steven	GS-12 Contracting Officer, SOCEUR	1/24/2007			Gratuities	\$24,000	Accepted position with GBG Inc. while a U.S. gov't employee. Agreed to provide GBG with assistance in receiving SOCOM contracts in Eastern Europe and Iraq. Related to CPA-SC cases.
Moore, Keith, SFC, USA	Mayor, FOB Union III, Iraq	3/30/2007			Bribery; Theft; Extortion	\$7,360	Accepted cash payments from contractors at FOB Union III in exchange for cash and personal items. Threatened to have contractors removed from FOB for failure to provide payments demanded.
Balisi, Anthony O, SSG, USA	Provost, FOB Union III, Iraq	3/30/2007			Bribery; Theft; Extortion	Unknown	Accepted cash payments from contractors at FOB Union III in exchange for cash and personal items. Threatened to have contractors removed from FOB for failure to provide payments demanded.
Whiteford, Curtis G, COL (Retired) USA	Chief of Staff and Deputy Regional Advisor, CPA-SC, Al-Hilla, Iraq	3/30/2007			Money Laundering; Bribery; Wrongful Conversion; Possession of Machine Gun; Non-Registration of Weapon; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	Nissan 350Z Sports Car, cash, airline tickets, jewelry, tactical gear, and an offer of employment with GBG S.R.L.	Indicted February 7, 2007 in District Court for the District of New Jersey, awaiting trial. Suspension package being prepared as of February 8, 2007.

NAME	POSITION	DATE SUSPENDED	DATE PROPOSED FOR DEBARMENT	DATE DEBARRED	REASON FOR ACTION	KNOWN PROCEEDS	CASE STATUS
Pappen, Gheevarghese, GS-12, DA Civilian	Contracting Officer - ASG Kuwait	3/30/2006			Bribery of Government Official; Racketeering	Approximately \$28,900 in cash	Allegedly received approximately \$28,900 and attempted to receive an additional payment of approximately \$19,000 from a Kuwaiti national for contracts to provide apartments in Kuwait City for Army personnel.
Seamans, Stephen Lowell	Employee, Halliburton - KBR	4/27/2006	1/5/2007		Wire Fraud; Money Laundering	\$380,130	Sentenced December 1, 2006 - 12 months and 1 day confinement, 3 years supervised release, \$380,130 restitution, \$200 Special Assessment.
Palm Springs General Trading & Contracting Establishment	Contractor, Camp Arifjan, KU		12/11/2006		False Claims; False Statements	\$1,367,891 in false claims made on black/greywater removal contract.	Palm Springs, a Kuwaiti company, was a partner of Green Valley in the implementation of this greywater/black water removal contract at Camp Arifjan, Kuwait, between on or about November 1, 2005 through on or about February 28, 2006. During this period, Palm Springs allegedly engaged in a scheme to submit false claims by loading and unloading waste water trucks in a manner that inflated the amount of waste water removed.
Green Valley Company	Contractor, Camp Arifjan, KU		12/11/2006		False Claims; False Statements	\$1,367,891 in false claims made on black/greywater removal contract.	Green Valley, a Kuwaiti company, was awarded the Greywater/Blackwater removal contract at Camp Arifjan, Kuwait, from the period between on or about November 1, 2005, through on or about February 28, 2006. During this period, Green Valley allegedly engaged in a scheme to submit false claims by loading and unloading wastewater trucks in a manner that inflated the amount of wastewater removed.
Eagle Global Logistics, Inc.	Sub-Contractor - KBR	2/27/2006			False Claims Act; False Statements		Subcontractor of Kellogg, Brown & Root to provide air-freight forwarding services to transport U.S. military equipment from Dubai to Baghdad. An administrative Compliance Agreement was signed with the Army on March 2, 2006.
Name Withheld	Active Duty Army Officer	9/5/2006			Violation of Articles 92 and 134 of the UCMJ for offering to disclose contractor bid, proposal and source selection information, in violation of 41 U.S.C. § 423(b), soliciting contractors for illegal gratuities on three occasions and violation of US CENTCOM General Order 1B	\$27,103 in cash - additional items anticipated	Arrested August 18, 2006. Died September 5, 2006. Suspension terminated. Case Closed.
Barnes, Thomas Nelson	Contractor Employee, MNF-I	11/4/2005	11/16/2006	1/24/2007	Theft	Loss valued at under \$1,000.	Pled guilty to one count in violation of 18 U.S.C. 641, theft, for improperly issuing 17 badges to DynCorp International employees which resulted in unauthorized access to the International Zone, Baghdad, Iraq. Sentenced on May 11, 2006, to 30 days confinement, 30 days home confinement, 1 year supervised probation, and a \$25 special assessment. Debarred for 4 years, ending on December 4, 2010. Case Closed.

TABLE K-1