

October 31, 2006

Bechtel Corporation
Attn: General Counsel's Office
50 Beale Street
San Francisco, CA 94105-1895

Dear General Counsel of Bechtel Corp.:

The Project On Government Oversight (POGO) is overhauling and renewing its Federal Contractor Misconduct Database (www.pogo.org/db/index.cfm), a compilation of information from public resources regarding government contractors, including Bechtel. On August 16, 2005 and December 2, 2005, we sent you information regarding findings relevant to Bechtel, which we have enclosed for your reference. As of today, we have not received a response from your office.

A written response is certainly in the best interest of everyone involved. It is the best way for your company to go on record regarding this process and the instances identified; your letter will be posted in its entirety on the database. Several companies have already responded and have expressed appreciation for the opportunity to express their views. POGO would prefer to receive a response by November 17, 2006 to ensure it is included with the launch of our new database.

If you have any questions, please contact Kevin Phelps at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Scott Amey
General Counsel

Enclosure

Instances of Misconduct

1.

Clinton Jensen v. Bechtel BWXT Idaho (Retaliation Against Worker Complaints)

Date: 01/22/2003 (Date of Settlement)

Misconduct Type: Labor

Contracting Party: N/A

Court Type: Administrative

Amount: \$0

Disposition: Settlement

Synopsis: Amount of settlement: 270 days of personal leave, confirmation of plaintiff as a Project Planner, reimbursement for out of his out-of-pocket expenses, travel, and 80 hours of time attending trial and depositions, plus attorney fees. Bechtel Babcock and Wilcox settled a case that alleged retaliation against a worker who complained of hazardous working conditions at INEEL. Clint Jensen “raised concerns that he was exposed to Depleted Uranium and other substances at work that may have caused his own Gulf War Syndrome-like symptoms. He suggested that the Industrial Hygiene program was deficient, that he had been ordered to burn substances other than DU in the oxidation oven – in violation of the oven’s permit, and that his uranium exposure levels soared after he looked down to find himself standing in DU-laden water.... Rather than truly investigating Mr. Jensen’s concerns or compensating him for his illness, his employer attempted to silence him and keep him out of the workplace.”

Document(s):

DOL Press Release

Environment News Service Article

2.

EEOC v. Bechtel Corp

Date: 12/08/2004 (Date of Settlement)

Misconduct Type: Labor

Contracting Party: N/A

Court Type: Civil

Amount: \$90,000

Disposition: Settlement

Synopsis: “The Philadelphia District Office filed a Title VII lawsuit alleging that Bechtel, an international construction company, subjected charging party to a hostile work environment and discriminatory terms and conditions of employment because of his Iraqi national origin, and discharged him because of his national origin. Defendant hired charging party into a Site Acquisition Specialist position in June 2001 and he worked at construction projects in Illinois, Massachusetts, New Jersey, and New York. The Commission alleged that following the September 11, 2001, terrorist attacks charging party was harassed by coworkers (including physical attacks and offensive and degrading comments about his national origin), excluded from

meetings, isolated, and denied work assignments. Charging party's complaints were ignored and he was discharged in June 2002.”

Document(s):
EEOC Press Release

3.
Hazardous Waste Violations
Date: 01/23/1996 (Date of Fine)
Misconduct Type: Environment
Contracting Party: N/A
Court Type: Administrative
Amount: \$5,000
Disposition: Fine

Synopsis: Bechtel and the DOE were fined by the Washington Department of Ecology for hazardous waste violations. “The U.S. Department of Energy and a Hanford contractor have been fined \$5,000 for hazardous waste violations including an incident when pressure built up inside a drum resulting in the drum lid popping into the air, narrowly missing workers. The violations by Energy and Bechtel Hanford Inc. were based on Washington Department of Ecology inspections last fall of cleanup involving the four 183-H Solar Evaporation Basins, located along the southern shore of the Columbia River in the Hanford Site's north-central area.”

Document(s):
Washington Dept. of Ecology Press Release

4.
Keiffer v. Bechtel Corporation (Age Discrimination)
Date: 03/01/1997 (Date of Judgment)
Misconduct Type: Labor
Contracting Party: N/A
Court Type: Civil
Amount: \$1,347,975
Disposition: Judgment Against Defendant

Synopsis: In this age discrimination case, the plaintiff “had been with Bechtel for 27 years when management reorganized his department and selected a 30 year old male as the new supervisor. Not long after, based on Keiffer's reduced workload and high salary, Bechtel terminated him as part of a reduction in force.”

Document(s):
65 Cal. App. 4th 893 (1998)

5.

Nuclear Safety Violations

Date: 11/10/2003 (Date of PNOV)

Misconduct Type: Environment

Contracting Party: N/A

Court Type: Administrative

Amount: \$192,500

Disposition: Fine

Synopsis: Bechtel Jacobs was fined for nuclear safety violations of the Price-Anderson Amendments Act (PAAA) Quality Assurance Rule (10 CFR 830.122). These violations include: (1) radioactive material inventory control deficiencies in the waste storage facilities, (2) weaknesses in the BJC software quality assurance program, (3) failure to correct long-standing problems with maintaining differential pressure at some of the Isotope Circle Facilities, (4) failure to identify in a timely manner the unanalyzed storage of radioactive waste containers near nuclear facilities, and (5) inadequacies in the ultrasonic testing measurements of cylinders.

Document(s):

DOE Press Release

6.

Violation of CFC Emission Laws

Date: 10/29/2001 (Date of Fine)

Misconduct Type: Environment

Contracting Party: Government Civilian

Court Type: Administrative

Amount: \$30,383

Disposition: Fine

Synopsis: Bechtel was fined for violations of federal asbestos and CFC emission laws at the Idaho National Engineering and Environmental Laboratory. "EPA found that at various times from June 15, 1997, to July 1, 2000, no records were kept of what service was performed and how much refrigerant was added to comfort cooling systems at the Idaho Nuclear Technical and Engineering Center (INTEC) at INEEL. In addition, EPA found that comfort cooling systems with annualized leak rates greater than 15% were not repaired within 30 days."

Document(s):

Bechtel Hanford Press Release

DOE Press Release 2

7.

Violation of EPA Radioactive Waste Policies

Date: 01/20/2004 (Date of Fine)

Misconduct Type: Environment

Contracting Party: N/A

Court Type: Administrative
Amount: \$41,250
Disposition: Fine

Synopsis: Bechtel BWXT was fined for... “noncompliances associated with the July 17, 2003, waste stack-toppling event at the Subsurface Disposal Area (SDA). During the event, a column of low-level radioactive waste containers toppled over, with several coming to rest on the forklift being used to stack the waste. In addition to the potential radiological consequences of the event, the event had serious occupational safety implications and constituted a “near-miss.”

Document(s):
DOE Press Release 3
DOE PNOV

8.
Violation of EPA Safety Procedures
Date: 05/19/2000 (Date of PNOV)
Misconduct Type: Environment
Contracting Party: N/A
Court Type: Administrative
Amount: \$82,500
Disposition: Fine

Synopsis: In violation of EPA safety procedures, “workers [at the 105B Transfer Bay] unwrapped a highly contaminated Filter Press without utilizing appropriate engineering and/or administrative controls. As a result, an Airborne Radioactivity Area was created which was not adequately recognized, posted, or controlled.”

Document(s):
EPA Press Release

9.
Violation of Water Quality Laws
Date: 11/15/1999 (Date of Fine)
Misconduct Type: Environment
Contracting Party: Government Civilian
Court Type: Administrative
Amount: \$90,000
Disposition: Fine

Synopsis: Bechtel paid a fine for violating New Hampshire’s wetlands and water quality laws in the construction of a gas pipeline. “PNGTS began building the 68-mile-long gas pipeline through Coos County in the spring of 1998, with Bechtel acting as general contractor for the project. During construction, DES inspectors discovered many violations of state environmental laws and permit conditions, mostly involving the discharge of sediment into streams and wetlands.

Sedimentation and turbidity impair water quality and can damage fish and wildlife habitat as well as wetlands vegetation.”

Document(s):

New Hampshire DOJ Press Release

10.

Violations of DOE's Nuclear Safety Management Rule

Date: 08/04/2005 (Date of PNOV)

Misconduct Type: Labor

Contracting Party: N/A

Court Type: Administrative

Amount: \$247,500

Disposition: Fine

Synopsis: A May 2004 personnel contamination event at a Bechtel facility led the Department of Energy to conclude “that violations of DOE’s Nuclear Safety Management Rule (10 CFR 830) and Occupational Radiation Protection Rule (10 CFR 835) [had] occurred.” The severity of these violations led to a civil penalty of \$247,500.

Document(s):

DOE PNOV

11.

Quality Level Inconsistencies and Other Deficiencies

Date: 03/16/2006 (Date of PNOV)

Misconduct Type: Environment

Contracting Party: N/A

Court Type: Administrative

Amount: \$198,000

Disposition: Fine

Synopsis: On March 16, 2006, Bechtel was issued a preliminary notice of violation, stating that issues at the company’s Waste Treatment and Immobilization Plant (WTP) “involved (1) inconsistencies between design documents and the authorization basis, (2) deficiencies in black cell vessel non- destructive evaluation requirements, (3) quality level inconsistencies, and (4) structural steel design deficiencies”. The base civil penalty was \$330,000, however, it was reduced to \$198,000.

Document(s):

DOE Enforcement Action

DOE Press Release

Pending Cases:

1.

Construction Mismanagement

Date: 03/01/2005

Misconduct Type: Government Contract Fraud

Contracting Party: Government Civilian

Court Type: Civil

Amount: \$0

Disposition: Pending

Synopsis: Bechtel/ Parsons Brinckerhoff's construction work on the Boston Central Artery/Tunnel Project (aka the "Big Dig") has been the subject of 11 Massachusetts Inspector General investigations over the past several years. The investigations focus on faulty waterproofing, poor design, paving, and many other examples of construction mismanagement that have increased the cost of the project.

Document(s):

Massachusetts IG Report

Massachusetts IG Report 2

Massachusetts IG Report 3

2.

Underestimating Costs and Project Length

Date: 04/06/2006 (Date of Investigation Report)

Misconduct Type: Other

Contracting Party: Government Civilian

Court Type: Administrative

Amount: \$0

Disposition: Pending

Synopsis: A Government Accountability Office (GAO) investigation revealed that Bechtel and Department of Energy management problems "have lead to higher costs, construction delays, and safety concerns" during waste management plant construction. According to the report, Bechtel "has performed poorly on several aspects of the project...Bechtel significantly underestimated the price of steel and how much engineering effort would be needed to complete designs. These mistakes...have added about \$2billion to project costs... Importantly, Bechtel failed on several occasions to ensure that nuclear safety requirements were met."

Document(s):

GAO Report