

June 2, 2008

Bechtel Group, Inc.
50 Beale Street
San Francisco, CA 94105-1895

Dear Sir or Madam:

Sometime in the next few weeks, the Project On Government Oversight (POGO) will update its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including Bechtel Corporation. On August 16, 2005, December 2, 2005 and October 31, 2006, we sent Bechtel information regarding findings in POGO's database. As of today, we have not received a response from you. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to Bechtel, please be assured that any response received by POGO will be posted on the website along with the data.

The biggest change we will be making to the database is the inclusion of more federal contractors (the top 100). We are also adding new instances that we have found in recent months and updating instances already in the database with new information. Please note that the database also includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon
Investigator

Enclosure

Instances

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

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

Misconduct Type: Labor

Enforcement Agency: Labor

Contracting Party: Energy

Court Type: Administrative

Amount: Undisclosed

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.”

2. Construction Mismanagement on the Boston Central Artery/ Tunnel Project

Date: 01/23/2008 (Date of Settlement)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Multiple Agencies

Contracting Party: Multiple Agencies

Court Type: Civil

Amount: \$357,100,000

Disposition: Settlement

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. On November 27, 2006, Attorney General Thomas F. Reilly announced plans to file a civil lawsuit against fifteen companies directly involved in the management, design, construction, and oversight of the Interstate 90 connector tunnel that collapsed and killed a woman in July 2006. The suit alleges negligence, breach of contract and gross negligence on the part of Bechtel/Parsons Brinckerhoff. In a July 2007 report on the Boston Big Dig tunnel ceiling collapse, the National Transportation Safety Board partly blamed the accident on mistakes made by Bechtel/Parsons Brinckerhoff. The NTSB also faulted other builders, suppliers and the Massachusetts Turnpike Authority, finding they should have known that the epoxy glue used to fasten ceiling panel bolts into place could slip over time, and that they should have better monitored the panels after bolts were found slipping out of place in 1999. In January 2008, Bechtel/Parsons Brinckerhoff entered into a global agreement with the United States and the Commonwealth of Massachusetts, agreeing to pay \$407 million (\$357.1 million of which will

come from Bechtel) to resolve all criminal and civil liabilities in connection with the tunnel collapse and other issues pertaining to the project. In addition, Bechtel and Parsons Brinckerhoff will be required to enact corporate ethics and compliance programs designed to prevent similar lapses from occurring on future public construction projects. See related Bechtel Corporation misconduct instance “NTSB Report on July 2006 Big Dig Tunnel Ceiling Collapse.”

3. EEOC v. Bechtel Corp (Discrimination on the Basis of National Origin)

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

Misconduct Type: Labor

Enforcement Agency: EEOC

Contracting Party: None

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.”

4. Hazardous Waste Violations

Date: 01/23/1996 (Date of Fine)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: Energy

Court Type: Administrative

Amount: Unknown

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.”

5. Keiffer v. Bechtel (Age Discrimination)

Date: 03/01/1997 (Date of Judgment)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

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." See 65 Cal. App. 4th 893 (1998).

6. NTSB Report on July 2006 Big Dig Tunnel Ceiling Collapse

Date: 07/10/2007 (Date of Press Release)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Transportation

Contracting Party: State/Local

Court Type: N/A

Amount: \$0

Disposition: Investigative Finding

Synopsis: In a report on the Boston Big Dig tunnel ceiling collapse that killed a woman in 2006, the National Transportation Safety Board partly blamed the accident on mistakes made by Bechtel/Parsons Brinckerhoff. The NTSB also faulted other builders, suppliers and the Massachusetts Turnpike Authority, finding they should have known that the epoxy glue used to fasten ceiling panel bolts into place could slip over time, and that they should have better monitored the panels after bolts were found slipping out of place in 1999. See related Bechtel Corporation misconduct instance "Construction Mismanagement on the Boston Central Artery/Tunnel Project."

7. Violations of CFC and Asbestos Emissions Laws (Idaho National Engineering and Environmental Lab)

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

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: Energy

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." See related Lockheed Martin misconduct instance, "Emissions Violations at the Idaho National Engineering and Environmental Laboratory."

8. Violation of DOE Radioactive Waste Policies (Idaho National Engineering and Environmental Lab)

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

Misconduct Type: Environment

Enforcement Agency: Energy

Contracting Party: Energy

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) [at the Idaho National Engineering and Environmental Laboratory (INEEL)]. 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.”

9. Violation of DOE Safety Procedures (Hanford)

Date: 05/19/2000 (Date of PNOV)

Misconduct Type: Environment

Enforcement Agency: Energy

Contracting Party: Energy

Court Type: Administrative

Amount: \$82,500

Disposition: Fine

Synopsis: In violation of Department of Energy safety procedures, “workers [at the Hanford, WA plutonium plant] 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.” The base civil penalty for the violations was \$165,000, which the Department of Energy mitigated by half.

10. Violations of Wetlands and Water Quality Laws

Date: 11/15/1999 (Date of Fine)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

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 [Portland Natural Gas Transmission System] 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.”

11. Hanford Waste Treatment Plant (Nuclear Safety Violations)

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

Misconduct Type: Environment

Enforcement Agency: Energy

Contracting Party: Energy

Court Type: Civil

Amount: \$198,000

Disposition: Fine

Synopsis: The Department of Energy assessed a civil penalty of \$198,000 (reduced from an aggregate base civil penalty of \$330,000) against Bechtel for violating nuclear safety requirements at the Hanford waste treatment plant. The preliminary notice of violation noted infractions that occurred during design and construction between May 2002 and September 2005 including failure to abide by building safety design codes and failure to adhere to inspection requirements for waste-processing tanks.

12. Violations of Nuclear Safety Regulations (Hanford)

Date: 10/04/2007 (Date of PNOV)

Misconduct Type: Labor

Enforcement Agency: Energy

Contracting Party: Energy

Court Type: Administrative

Amount: \$165,000

Disposition: Fine

Synopsis: The Department of Energy will fine Bechtel National Inc. \$165,000 for violations of nuclear safety regulations at the Waste Treatment and Immobilization Plant located at the Hanford Site in Richland, Washington. The violations, which occurred during the design and construction of the site between 2001 and 2006, included “(1) deficiencies in the implementation of design changes to radiation shielding of wall penetrations called joggles; (2) deficiencies in implementing a commercial grade dedication (CGD) program; (3) deficiencies related to the review and acceptance of supplier submittals; and (4) deficiencies in the procurement and testing of Integrated Control Network (ICN) system software.”