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HEARING

BEFORE THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

OCTOBER 2, 2007

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BLACKWATER USA

TUESDAY, OCTOBER 2, 2007

HOUSE OF REPRESENTATIVES,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, DC.

The committee met, pursuant to notice, at 10:12 a.m., in room 2154, Rayburn House Office Building, Hon. Henry A. Waxman (chairman of the committee) presiding.

Present: Representatives Waxman, Davis of Virginia, Maloney, Cummings, Kucinich, Davis of Illinois, Tierney, Clay, Watson, Lynch, Yarmuth, Braley, Norton, McCollum, Cooper, Van Hollen, Hodes, Murphy, Sarbanes, Welch, Burton, Shays, Mica, Platts, Duncan, Turner, Issa, Westmoreland, McHenry, Foxx, Bilbray, and Jordan.

Also present: Representative Schakowsky.

Staff present: Phil Schiliro, chief of staff; Phil Barnett, staff director and chief counsel; Kristen Amerling, general counsel; Karen Lightfoot, communications director and senior policy advisor; David Rapallo, chief investigative counsel; John Williams and Theo Chuang, deputy chief investigative counsels; Christopher Davis and Daniel Davis, professional staff members; Earley Green, chief clerk; Teresa Coufal, deputy clerk; Matt Siegler, special assistant; Caren Auchman, press assistant; Zhongrui J.R. Deng, chief information officer; Leneal Scott, information systems manager; Kerry Gutknecht, William Ragland, and Miriam Edelman, staff assistants; Russell Anello, counsel; David Marin, minority staff director; Larry Halloran, minority deputy staff director; Jennifer Safavian, minority chief counsel for oversight and investigations; Keith Ausbrook, minority general counsel; John Brosnan, minority senior procurement counsel; Steve Castor, A. Brooke Bennett, Ashley Callen, and Emile Monette, minority counsels; Allyson Blandford, minority professional staff member; Nick Palarino and Larry Brady; minority senior investigator and policy advisors; Patrick Lyden, minority parliamentarian and member services coordinator; Brian McNicoll, minority communications director; and Benjamin Chance, minority clerk.

Chairman WAXMAN. The meeting of the committee will come to order.

Over the past 25 years, a sophisticated campaign has been waged to privatize Government services. The theory is that corporations can deliver Government services better and at a lower cost than the Government. Over the last 6 years, this theory has been put into practice.

The result is that privatization has exploded. For every taxpayer dollar spent on Federal programs, over 40 cents now goes to private contractors. Our Government now outsources even the oversight of the outsourcing.

At home, core Government functions like tax collection and emergency response have been contracted out. Abroad, companies like Halliburton and Blackwater have made millions performing tasks that used to be done by our Nation's military forces.

What has been missing is a serious evaluation of whether the promises of privatizing are actually realized. Inside our Government, it has been an article of faith that outsourcing is best.

Today, we are going to examine the impact of privatization on our military forces. We will focus on a specific example, the outsourcing of military functions to Blackwater, a private military contractor providing protective services to U.S. officials in Iraq.

We will seek to answer basic questions. Is Blackwater, a private military contractor, helping or hurting our efforts in Iraq? Is the Government doing enough to hold Blackwater accountable for alleged misconduct? What are the costs to the Federal taxpayers?

I want to thank Erik Prince, Blackwater's founder and CEO, for his cooperation in this hearing. As a general rule, children from wealthy and politically connected families no longer serve in the military. Mr. Prince is an exception. He enlisted in the Navy in 1992 and joined the Navy SEALs in 1993, where he served for 4 years.

We thank you for that service.

In 1997, he saw an opportunity to start his own company and created Blackwater. He has said, "We are trying to do for the national security apparatus what FedEx did for the Postal Service."

There may be no Federal contractor in America that has grown more rapidly than Blackwater over the last 7 years. In 2000, Blackwater had just $204,000 in Government contracts. Since then, it has received over $1 billion in Federal contracts. More than half of these contracts were awarded without full and open competition.

Privatizing is working exceptionally well for Blackwater. The question for this hearing is whether outsourcing to Blackwater is a good deal for the American taxpayer, whether it is a good deal for the military and whether it is serving our national interest in Iraq.

The first part of that question is cost. We know that sergeants in the military generally cost the Government between $50,000 to $70,000 per year. We also know that a comparable position at Blackwater costs the Federal Government over $400,000, six times as much.

Defense Secretary Gates testified about this problem last week. He said, Blackwater charges the Government so much that it can lure highly trained soldiers out of our forces to work for them. He is now taking the unprecedented step of considering whether to ask our troops to sign a non-compete agreement to prevent the U.S. military from becoming a taxpayer-funded training program for private contractors.

There are also serious questions about Blackwater's performance. The September 16th shooting that killed at least 11 Iraqis is just the latest in a series of troubling Blackwater incidents.

Earlier this year, our committee examined the company's mistakes in Fallujah where four contractors were killed and their bodies burned. That incident triggered a major battle in the Iraq War.

New documents indicate that there have been a total of 195 shooting incidents involving Blackwater forces since 2005. Blackwater's contract says the company is hired to provide defensive services, but in most of these incidents it was Blackwater forces who fired first. We have also learned that 122 Blackwater employees, one seventh of the company's current work force in Iraq, have been terminated for improper conduct.

We have the best troops in the world. The men and women in our Armed Forces are extraordinarily able and dedicated. Their pay does not reflect their value, but they don't complain. So I have a high bar when I ask whether Blackwater and other private military contractors can meet the performance standards of our soldiers.

In recent days, military leaders have said that Blackwater's missteps in Iraq are going to hurt us badly. One senior U.S. military official said Blackwater's actions are creating resentment among Iraqis that "may be worse than Abu Ghraib." If these observations are true, they mean that our reliance on a private military contractor is backfiring.

The committee's investigation raises as many questions about the State Department's oversight of Blackwater as it does about Blackwater itself.

On December 24, 2006, a drunken Blackwater contractor shot the guard of the Iraqi Vice President. This didn't happen out on a mission protecting diplomats. It occurred inside the protected Green Zone.

If this had happened in the United States, the contractor would have been arrested and a criminal investigation launched. If a drunken U.S. soldier had killed an Iraqi guard, the soldier would have faced a court martial, but all that has happened to the Blackwater contractor is that he has lost his job.

The State Department advised Blackwater how much to pay the family to make the problem go away and then allowed the contractor to leave Iraq just 36 hours after the shooting. Incredibly, internal emails document a debate over the size of the payment. The charge d'affaires recommended a $250,000 payment, but this was cut to $15,000 because the Diplomatic Security Service said Iraqis would try to get themselves killed for such a large payout.

Well, it is hard to read these emails and not come to the conclusion that the State Department is acting as Blackwater's enabler.

If Blackwater and other companies are really providing better service at a lower cost, the experiment of privatizing is working. But if the costs are higher and performance is worse, then I don't understand why we are doing this. It makes no sense to pay more for less. We will examine this issue today and facts, not ideology, need to guide us here.

Yesterday, the FBI announced that it launched a criminal investigation into Blackwater's actions on September 16th. This morning, the Justice Department sent a letter to the committee asking that in light of this development the committee not take testimony at this time about the events of September 16th.

Our precedent on this committee is that Congress has an independent right to this information but, in this case, Ranking Member Davis and I have conferred and we have agreed to postpone any public discussion of this issue as we work with the Department to obtain the information that the committee lacks. For the same reason, at the request of the Justice Department, I will ask our witness, Mr. Prince, and our State Department witnesses on the second panel not to discuss the September 16th incident in this public setting today.

The last point I want to make is directed to the families of the Blackwater employees killed in Fallujah and the families of the soldiers killed in a tragic and unnecessary accident with Blackwater Airline, some of whom are here today.

I know many of you believe that Blackwater has been unaccountable to anyone in our Government. I want you to know that Blackwater will be accountable today.

We will be asking some tough questions about disturbing actions, and I also want to assure Mr. Prince that we will be fair and we will not tolerate any demonstrations or disturbances from anyone attending this hearing.

Thank you, and I am looking forward to Mr. Prince's testimony.

I want to recognize the ranking member, Mr. Davis.

[The prepared statement of Chairman Henry A. Waxman follows:]

Opening Statement of Rep. Henry A. Waxman
Chairman, Committee on Oversight and Government Reform
Hearing on Private Security Contracting in Iraq and Afghanistan
October 2, 2007

Over the past 25 years, a sophisticated campaign has been waged to privatize government services. The theory is that corporations can deliver government services better and at a lower cost than the government can.

Over the last six years, this theory has been put into practice. The result is that privatization has exploded. For every taxpayer dollar spent on federal programs, over 40 cents now goes to private contractors. Our government now outsources even the oversight of the outsourcing.

At home, core government functions — like tax collection and emergency response — have been contracted out. Abroad, companies like Halliburton and Blackwater have made billions performing tasks that used to be done by our nation's military forces.

What's been missing is a serious evaluation of whether the promises of privatizing are actually realized. Inside our government, it has become an article of faith that outsourcing is best.

Today, we are going to examine the impact of privatization on our military forces. We will focus on a specific example: the outsourcing of military functions to Blackwater, a private military contractor providing protective services to U.S. officials in Iraq.

We will seek to answer basic questions: Is Blackwater, a private military contractor, helping or hurting our efforts in Iraq? Is the government doing enough to hold Blackwater accountable for alleged misconduct? And what are the costs to the federal taxpayer?

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The first part of that question is cost. We know that sergeants in the military generally cost the government between

$50,000 to $70,000 per year. We also know that a comparable position at Blackwater costs the federal government over $400,000 — six times as much.

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There are also serious questions about Blackwater's performance. The September 16 shooting that killed at least 11 Iraqis is just the latest in a series of troubling Blackwater incidents. Earlier this year, our Committee examined the company's mistakes in Fallujah, where four contractors were killed and their bodies burned. That incident triggered a major battle in the Iraq war.

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We will be asking tough questions about disturbing actions. But I also want to assure Mr. Prince that we will be fair. And we will not tolerate any demonstrations or disturbances from anyone attending this hearing.

Thank you, and I'm looking forward to Mr. Prince's testimony.

Mr. DAVIS OF VIRGINIA. Thank you, Mr. Waxman.

Security contractors have been working at U.S. diplomatic posts for more than 20 years, but their extensive use in the midst of ongoing military conflict raises important new questions about the ability of Government acquisition officials to manage and oversee those contracts, the vetting and training of security personnel, and how best to control and coordinate private security firms in a complex, highly dangerous battle space.

Contracts for the use of force in war also pose legitimate questions about the propriety of hiring private firms to perform such a public, some would say inherently governmental, function. But those complex questions won't be addressed responsibly by fixating on the operations of any one company nor are we likely to learn much by focusing on one sensational incident still under investigation.

So we appreciate Chairman Waxman agreeing to add testimony from State Department witnesses today. They will discuss overall management of the competitively awarded worldwide personnel protective services contract under which Blackwater and two other firms provide security services in Iraq.

We take the chairman at his word, there will be additional hearings to examine the broader range of important oversight issues implicated in the use of security contractors in hostile environments.

Contractor personnel working in support of diplomatic and military activities abroad have become an inescapable fact of modern life. Today, they provide everything from logistics and engineering services to food preparation, laundry, housing, construction and, of course, security. They offer invaluable surge capacity and contingent capabilities Federal agencies can't afford to keep in-house.

By some estimates, the number of private contractors now exceeds the total U.S. military personnel in Iraq, but the presence of so many foreigners, particularly so many with guns, offends some Iraqis and gives others a pretext to incite mistrust and violence. To paraphrase the title of one recent study of the phenomena, Iraqis fear they can't live with private security contractors. U.S. personnel believe they can't live without them.

So it is critical the Departments of State and Defense get it right when they contract for sensitive security services in someone else's sovereign territory.

However, you define success in Iraq, from stay the course to immediate withdrawal and every scenario in between, security contractors are going to play an integral part. The inevitable redeployment of U.S. military units out of the current urban battle space will only increase the need for well trained and well managed private security forces to fill that vacuum and protect diplomatic and reconstruction efforts.

As the lead editorial of this morning's Washington Post concluded, it is foolish to propose the elimination of private security firms in Iraq and Afghanistan, at least in the short term.

Contract documents and incident reports reviewed by the committee suggest the State Department is trying to get it right. There is clear evidence of proactive management and oversight of security contractors in Iraq.

The State Department requires specific qualifications and rigorous ongoing training for all contract security personnel, including extensive prior security experience and firearms proficiency. Those hired must also undergo background investigations and qualify for a security clearance, and the contract contains carefully crafted comprehensive provisions on standards of conduct for security personnel, strict rules for the use of any type of force and extensive reporting requirements when any incident occurs.

But State Department oversight of security contractors seems to have some blind spots as well. There is little aggregate or comparative data on contractor performance, so it is impossible to know if one company's rate of weapon-related incidents is the product of a dangerous cowboy culture or the predictable result of conducting higher risk missions.

Incidents of erratic and dangerous behavior by security personnel from all the companies involved, not just Blackwater, are handled with little or no regard to Iraqi law. Usually, the bad actor is simply whisked out of the country, whether the offense is a civilian casualty, negligent discharge of a weapon, alcohol or drug abuse, or destruction of property. To date, there has not been a single successful prosecution of a security provider in Iraq for criminal misconduct.

Iraqis understandably resent our preaching about the rule of law when so visible an element of the U.S. presence there appears to be above the law. That is why the events of September 16th sparked such an outcry by the Iraqi government which sees unpunished assaults on civilians as a threat to national sovereignty.

The incident is also being used by those seeking to exploit accumulated resentments and draw attacks on private contractors, a force even the Iraqi government concedes is still a vital layer of security.

Given that volatile environment, we should take care not to prejudge the ongoing investigations into events of that day.

Published eyewitness statements provide very contradictory accounts, but this much we know: Standard operating procedures for personnel security details dictate getting protected persons in U.S. vehicles away from an incident as quickly as possible. No one stays to secure the scene or to help frightened civilians. That is not their job.

So we may never know who or how many shot first. In the time it takes to hide an AK–47, murderous insurgents and corrupt Iraqi police can be transformed into martyred civilians.

We need to look at the proper role of security contractors in a war zone, not through the clouded lens of one company or one certain incident but with a clear eye and objective view of what best serves the interest of U.S. personnel in theater and U.S. taxpayers at home.

I look forward to that discussion.

[The prepared statement of Hon. Tom Davis follows:]

HENRY A. WAXMAN, CALIFORNIA
CHAIRMAN

TOM DAVIS, VIRGINIA
RANKING MINORITY MEMBER

ONE HUNDRED TENTH CONGRESS

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Statement of Rep. Tom Davis
Ranking Republican Member
Committee on Oversight and Government Reform
October 2, 2007

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We need to look at the proper role of security contractors in a war zone, not through the clouded lens of one company or one uncertain incident, but with a clear-eyed, objective view of what best serves the interests of U.S. personnel in theater and U.S. taxpayers at home. I look forward to that discussion.

Chairman WAXMAN. Thank you very much, Mr. Davis.

While the rules do not provide opening statements for all Members at a hearing, Mr. Davis and I have consulted about this, and I would like to ask unanimous consent that we have four Members on each side designated by the chairman and the ranking member to be permitted to give a 2-minute statement.

When we begin the questioning, we will begin with 10 minutes controlled by the chairman and 10 minutes controlled by the ranking member.

I would further like to ask unanimous consent that Jan Schakowsky, who is not a member of this committee, be permitted to join us at this hearing today. Is there any objection to this unanimous consent request?

If not, that will be the order.

I would like to now call on for 2 minutes, it would be Mr. Tierney for his statement.

Mr. TIERNEY. Thank you, Mr. Chairman.

Mr. Chairman, the fundamental question here ought to be whether or not it makes sense to contract out in the first place. We really need to evaluate our use of private military contractors to determine what roles are appropriate or not for private firms and what must be kept in control of those in uniform or those in public service.

The all-voluntary professional force after the Vietnam War employed the so-called Abrams Doctrine. The idea was that we wouldn't go to war without the sufficient backing of the Nation.

Outsourcing has circumvented this doctrine. It allows the administration to almost double the force size without any political price being paid. We have too few regular troops and if we admitted that and tried to put in more, the administration would have to admit it was wrong in the way it prosecuted this war originally. It would have to recognize the impact on drawing forces out of Afghanistan.

If we call up even more National Guards or Reservists, then it would cause even more of a protest among the people in this country that are already not sold on the Iraq venture. If we relied more on our allies, they would have to share the power, share the decisionmaking and share the contract work. So private contractors have allowed, essentially, this administration to add additional forces without paying any political capital.

Very little conversation goes into the number of people dedicated to their jobs in the private sector that are being killed or injured on a regular basis. Figures by one account are some nine individuals a week losing their lives in the service of private contracting that are not counted in the figures of casualties reported to the American people.

Outsourcing, as you indicated, Mr. Chairman, seems to increase the costs, not decrease the costs, and I hope we get into the numbers on that as the hearing goes on. It seems to be harming the very counterinsurgency effort that General Petraeus seems to want to implement, and we have far too few Government managers to oversee the situation.

We need more accountability. We need to clarify and update our laws. We need to restore the Government's ability to manage any such contracts. We need to punish corporations that commit fraud

or undermine our security. Basically, we need to reconsider which jobs should be private and which jobs should remain in the public sector.

Thank you, Mr. Chairman.

Chairman WAXMAN. Thank you, Mr. Tierney.

The Chair would like to now recognize Mr. McHenry for 2 minutes.

Mr. MCHENRY. Thank you, Mr. Chairman.

While we are the investigative committee of Congress, I believe it is irresponsible, when an ongoing investigation in the executive branch is trying to establish the facts of the September 16th event, that we call before this committee, contractors involved with that. Establishing those facts are included in those two ongoing investigations, and I believe it is irresponsible for us to convict before the executive branch has first established the facts of what did occur with the Blackwater incident in Baghdad.

Blackwater has protected dozens, if not hundreds, of Members of Congress including myself and members of this committee when they travel to Afghanistan and Iraq. I, for one, am grateful for their service. Not one single Member of Congress has been injured nor killed under Blackwater protection, and for that I am grateful.

Let me be clear. We should not speculate on the actions of the men on September 16th. Those facts are not yet established. We need to get the facts on the record on these contradicting reports that are coming from media sources.

Much is not clear. We have conflicting media reports written by reporters who were not present for the events. We do not yet have an authoritative report from the executive branch based on eyewitness accounts.

Today, we should be reviewing the rules of contracting, investigating whether companies are following the rules, the legal ramifications and whether the system of contracting should be modified and improved. These are the issues that we should be dealing with today.

Patience is a virtue when it comes to investigating something as serious as the loss of human life. We all abhor the loss of any human life. Justice must be served.

With thousands of soldiers, diplomats and contractors risking their lives in such a dangerous region of the world, we should exercise patience in this process and allow the ongoing investigations to come to a conclusion and establish clear facts before we complicate this process with a kneejerk congressional hearing. Let's deal in solid facts, not simply follow the front page stories and the dictates of trial lawyers which this committee, it appears, has done over the last 9 months.

Chairman WAXMAN. The gentleman's time has expired.

Mr. MCHENRY. Again, contracting is the liberal cause du jour, and we should move past that and ensure we have proper Government service.

Thank you.

Chairman WAXMAN. Mrs. Maloney, you are recognized for 2 minutes.

Mrs. MALONEY. Thank you, Chairman Waxman and Ranking Member Davis for holding today's hearing to examine the heavy reliance upon private security contractors in Iraq and Afghanistan.

There have been troubling reports about incidents involving Blackwater where Iraqi civilians have been killed, and there have been many, many troubling reports.

Today, we are basically going to examine the privatization of the military. What are the costs and what are the consequences of privatizing our military?

Blackwater guards are highly trained and, in some cases, have been brave, yet they make six times more than our own military. Coming from a military family where my father served in World War II and my brother in Vietnam, I do not believe that the Blackwater guards are any more brave or more committed or more disciplined or more effective than the American Armed Services.

So our basic question—mine is today—is why are we using this service, contracting out, privatizing our military to an organization that has been aggressive and, I would say in some cases, reckless in the handling of their duties?

There are many questions we have on accountability and basically why are we doing this. We were told that we were going to contract out these security services to save the Government money, but in fact it is costing significantly more to pay Blackwater than it would for our own military to perform these duties, and their actions have really undermined our effectiveness in Iraq.

Thank you.

Chairman WAXMAN. Time has expired.

Mr. Burton, you are recognized for 2 minutes.

Mr. BURTON. Thank you, Mr. Chairman.

I have no objection to this kind of a hearing. What really concerns me is that there appears to be a rush to judgment, and I don't think that should happen. It is going to be thoroughly investigated in Iraq by Iraqis and American officials. Until we get that, we won't know exactly what happened or who might have made a mistake or who might have done something they shouldn't have done.

While the hearing here is OK, I hope everybody, including the media, will know that this is not the final report on this. There is going to be a complete investigation.

I would like to give you a few facts. There have been 3,073 missions in the last 9 months over there by private contractors. There were 77 involving them using weapons.

There have been 54,000 recorded attacks, 6,000 a month, and there have been a lot of these contractors who have lost their lives. Since 2004, there have been 42 security contractors killed and 76 have been wounded.

This is a time when we should reevaluate or evaluate the procedures that are being used over there. If we find, after the investigation, there have been errors in judgment or somebody made a downright conscious mistake, then things need to be changed.

I would just like to say one more time, it is important to have these hearings. Congress needs to know what went on over there, but there should not be a rush to judgment.

I would like to say one other thing. There has not been one Congressman or one public official that has been killed while under the protection of these people, and that should account for something.

With that, Mr. Chairman, I yield back my time.

Chairman WAXMAN. The gentleman's time has expired.

The Chair now recognizes Mr. Cummings.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

In light of the last statement that was just made, it is not about Blackwater and what they did or they may have done some good things. The question is whether there is accountability.

Blackwater, we have to question in this hearing whether it created a shadow military of mercenary forces that are not accountable to the U.S. Government or to anyone else. Blackwater appears to have fostered a culture of shoot first and sometimes kill and then ask the questions. Blackwater has been involved in at least 195 escalation of force incidents since 2005, an average of 1.4 shooting incidents per week.

We must seriously reassess whether these practices are undermining our ability to accomplish our mission in Iraq.

We must also reassess how Blackwater not only affects our mission in Iraq but also how it may negatively affect our foreign relations efforts in the Middle East. These same neighboring states that we need to utilize as vehicles to spur multilateral and bilateral support as to create a political reconciliation in Iraq.

This is about accountability, and I am going to be very interested to hear what Mr. Prince has to say about that accountability.

With that, Mr. Chairman, I yield back.

Chairman WAXMAN. The gentleman yields back his time.

The Chair recognizes Mr. Issa for 2 minutes.

Mr. ISSA. Thank you, Mr. Chairman.

I think it has been made incredibly clear by the previous statements on the Democrat side that this is not about Blackwater when they talk about being paid six times as much, when they talk about the President shouldn't have gone into this war, when they talk about, they talk about.

What we are hearing today is, in fact, a repeat of the MoveOn.org attack on General Petraeus' patriotism. What we are seeing is that except for the 79 Members who voted against denouncing MoveOn.org, 8 of whom are on the dais here today, what we are seeing is what they couldn't do to our men and women in uniform, they will simply switch targets.

The bodies were not cold in Iraq before this became a story worth going after here in committee.

The second panel today will include people from the State Department who will tell us about the command and control rules, about whether or not Blackwater made mistakes, whether they did their job and whether they are going to be continued as a contractor. That is appropriate.

I am not here to defend Blackwater, but I am here to defend General Petraeus and the men and women in uniform who do their job, who were first denounced by MoveOn.org, then not denounced by Members of Congress, many of whom are on the dais today, speaking as though they don't support attacking in every possible way the administration's war in Iraq.

We are going to get to the bottom of what happened on September 16th, but quite frankly when we are done with that, we are still going to have the same problem with all due respect to the Members on the other side of the aisle. We do not want military guarding State Department personnel. There is a long tradition, in fact, of very limited military guarding of even our embassies, a limited amount of Marines.

The fact is the State Department has a surge responsibility in Iraq and Afghanistan. They are meeting it with private contractors. When that ends, do we really want to have 1,500 Special Ops people working for the State Department in career positions?

I look forward to the debate on that and not on whether this war was ill-founded which has been the Democrats' mantra.

Chairman WAXMAN. The gentleman's time has expired.

The Chair would now turn to Mr. Kucinich for 2 minutes.

Mr. KUCINICH. Mr. Chairman, a British polling agency has determined that more than one million Iraqi citizens have died as a result of the Iraq War. Opinion Research Business found that the death rate rose to almost one in two households in Baghdad have lost a family member since the invasion began in 2003. This report confirms the results of a survey released last fall by Lancet, the prestigious medical magazine which gave a conservative estimate of 650,000 innocent civilian deaths.

Now this great human tragedy is taking place in many forms. In today's hearing. We are investigating Blackwater's outrageous behavior that has killed countless innocent Iraqis, and I am deeply concerned that the Department of State appears to have attempted to cover up Blackwater's killings rather than seek appropriate remedies.

What are the implications of killing an innocent Iraqi? What is this Government's position on killing of innocent Iraqis by a U.S. citizen?

If war is privatized and private contractors have a vested interest in keeping the war going, the longer the war goes on, the more money they make. Eighty-four percent of the shooting incidents involving Blackwater are where they fired first, and Blackwater did not remain at the scene. So Blackwater's shoot first and don't ask questions later approach undermines the U.S.' position and jeopardizes the safety of our soldiers.

How much more do we need to know to conclude that the war against Iraq has been a disaster for the Iraqi people and for the people of this country as well?

I yield back.

Chairman WAXMAN. The gentleman yields back his time.

All opening statements have been concluded.

Oh, excuse me, there is one more, Mr. Mica for 2 minutes.

Mr. MICA. Thank you.

Well, let me try to frame the context of this hearing. I have been on the committee for some 15 years. From the outset, the Democrat side on the majority have tried to discredit the President. In fact, I have a quote from a press release from Chairman Waxman, January 10th: As part of President Bush's revised strategy appears for Iraq, he appears likely to propose giving large sums of taxpayer

dollars to decrepit and possibly corrupt state-owned Iraqi companies.

So we started first in these hearings to try to discredit the President. We have tried to discredit the Ambassador. We have tried to discredit the Secretary of Defense. We did a great job in trying to discredit the military here, and then we worked on the Iraqi government.

Now we are down to some of the contractors. So this is the hearing to discredit them.

Probably one of the reasons why there is some bad news for the other side today. It is on page 15. It is a 48 percent drop in deaths in Iraq in 1 month. They want that good news to get out, but on the front page, you want the other killings by Blackwater, the contractors we are going after today.

Now if they are really intent on going after the contractors, and I don't know what happened on the 16th. I don't know what happened in other incidents.

But if they are really intent on going after criminal misconduct, then we have a letter from the Department of Justice. We have some words about not interfering in this process, but we are interfering with both a Department of State investigation and a criminal misconduct investigation, potentially criminal charges.

Let me quote from some of the words: This presents serious challenges for any potential criminal prosecution, and then they cite case law.

So my concern, if we really want to do this, we should not be holding this hearing. Therefore, I move that the committee do now adjourn.

Chairman WAXMAN. The motion is before us to adjourn.

All those in favor of the motion, say aye.

[Chorus of ayes.]

Chairman WAXMAN. Opposed, no.

[Chorus of noes.]

Chairman WAXMAN. The noes have it and the motion is defeated.

We have a witness now, and I would like to call forward Erik Prince who is the head of the Prince Group, LLC and Blackwater USA.

Mr. Prince, please come forward.

Mr. Prince, it is the practice of this committee that all witnesses take an oath before they testify, if you will please raise your right hand.

[Witness sworn.]

Chairman WAXMAN. The record will indicate that the witness answered in the affirmative.

I do want to say, Mr. Prince, that there have been press reports over the past 2 weeks regarding the recent incident on September 16th, and there have been conflicting accounts of what actually happened on the ground.

I know that you had prepared to address this incident today as did our other witnesses and no doubt our Members did too. So I just want to note that for the record that the request to refrain from public comment came from the Justice Department, not Mr. Prince and not from anyone else, and I want to thank him for complying with that Justice Department request.

I know you had been prepared to talk about it, but we would ask you please not to go into that incident.

Mr. PRINCE. Yes, sir, I would be more than happy to.

Chairman WAXMAN. Before you begin, just push the button the mic.

Mr. PRINCE. Is that better?

Chairman WAXMAN. Yes. OK, please proceed however you see fit.

STATEMENT OF ERIK PRINCE, CHAIRMAN, THE PRINCE GROUP, LLC AND BLACKWATER USA

Mr. PRINCE. Chairman Waxman, Congressman Davis, members of the committee, my name is Erik Prince, and I am the chairman and CEO of the Prince Group and Blackwater USA.

Blackwater is a team of dedicated professionals who provide training to America's military and law enforcement communities and risk their lives to protect Americans in harm's way overseas. Under the direction and oversight of the U.S. Government, Blackwater provides an opportunity for military and law enforcement veterans with a record of honorable service to continue their support to the United States.

Words alone cannot express the respect I have for these brave men and women who volunteer to defend U.S. personnel, facilities and diplomatic missions. I am proud to be here to represent them today.

After almost 5 years in active service as a U.S. Navy SEAL, I founded Blackwater in 1997. I wanted to offer the military and law enforcement communities assistance by providing expert instruction and world-class training venues. Ten years later, Blackwater trains approximately 500 members of the U.S. military and law enforcement agencies every day.

After 9/11, when the United States began its stabilization efforts in Afghanistan and then Iraq, the U.S. Government called upon Blackwater to fill the need for protective services in hostile areas. Blackwater responded immediately. We are extremely proud of answering that call and supporting our country.

Blackwater personnel supporting our country's overseas missions are all military and law enforcement veterans, many of whom have recent military deployments. No individual protected by Blackwater has ever been killed or seriously injured. There is no better evidence of the skill and dedication of these men.

At the same time, 30 brave men have made the ultimate sacrifice while working for Blackwater and its affiliates. Numerous others have been wounded and permanently maimed. The entire Blackwater family mourns the loss of these brave lives. Our thoughts and our prayers are with their families.

The areas of Iraq in which we operate are particularly dangerous and challenging. Blackwater personnel are subject to regular attacks by terrorists and other nefarious forces within Iraq. We are the targets of the same ruthless enemies that have killed more than 3,800 American military personnel and thousands of innocent Iraqis.

Any incident where Americans are attacked serves as a reminder of the hostile environment in which our professionals work to keep American officials and dignitaries safe, including visiting Members

of Congress. In doing so, more American service members are available to fight the enemy.

Blackwater shares the committee's interest in ensuring the accountability and oversight of contract personnel supporting U.S. operations. The company and its personnel are already accountable under and subject to numerous statutes, treaties and regulations of the United States. Blackwater looks forward to working with Congress and the executive branch to ensure that any necessary improvements to these laws and policies are implemented.

The Worldwide Personal Protection Services Contract, which has been provided to this committee, was competitively awarded and details almost every aspect of operations and contractor performance including the hiring, vetting guidelines, background checks, screening, training standards, rules of force and conduct standards.

In Iraq, Blackwater reports to the embassy's regional security officer or RSO. All Blackwater movements and operations are directed by the RSO. In conjunction with internal company procedures and controls, the RSO ensures that Blackwater complies with all relevant contractual terms and conditions as well as any applicable laws and regulations.

We have approximately 1,000 professionals serving today in Iraq as part of our Nation's total force. Blackwater does not engage in offensive or military missions but performs only defensive security functions.

My understanding of the September 16th incident is that the Department of State and the FBI are conducting a full investigation, but those results are not yet available. We at Blackwater welcome the FBI review announced yesterday, and we will cooperate fully and look forward to receiving their conclusions.

I just want to put some other things in perspective. A recent report from the Department of State stated that, in 2007, Blackwater has conducted 1,873 security details for diplomatic business to the Red Zone, areas outside the Green Zone in Iraq, and there have been only 56 incidences in which weapons were discharged or less than 3 percent of all movements.

In 2006, Blackwater conducted over 6,500 diplomatic movements in the Red Zone. Weapons were discharged in less than 1 percent of those missions.

To the extent there is any loss of innocent life ever, let me clear that I consider that tragic. Every life, whether American or Iraqi, is precious. I stress to the committee and to the American public, however, that I believe we acted appropriately at all times.

I am prepared to answer your questions.

[The prepared statement of Mr. Prince follows:]

Statement of Erik D. Prince
Chairman and CEO, Blackwater
For
The House Committee on Oversight and Government Reform
October 2, 2007

Chairman Waxman, Congressman Davis, Members of the Committee, my name is Erik Prince and I am the Chairman and CEO of the Prince Group and Blackwater USA. Blackwater is a team of dedicated security professionals who provide training to America's military and law enforcement communities and risk their lives to protect Americans in harm's way overseas. Under the direction and oversight of the United States Government, Blackwater provides an opportunity for military and law enforcement veterans with a record of honorable service to continue their support to the United States. Words alone cannot express the respect I have for these men and women who volunteer to defend U.S. personnel, facilities, and diplomatic missions. I am proud to be here today to represent them.

After almost five years in active service as a U.S. Naval Special Warfare (SEAL) officer, I founded Blackwater in 1997. I wanted to offer the military and law enforcement communities assistance by providing expert instruction and world-class training venues. Ten years later, Blackwater trains approximately five hundred members of the United States military and law enforcement agencies each day.

After 9/11, when the U.S. began its stabilization efforts in Afghanistan and then Iraq, the United States Government called upon Blackwater to fill a need for protective services in hostile areas. Blackwater responded immediately. We are extremely proud of answering that call and supporting our country.

Private contractors have been a part of America's military and diplomatic history since its founding. Since the Revolutionary War, private contractors have supported our military by providing training, equipment, logistical support, and security. Some private contractors, such as the "Flying Tigers" of World War II, are iconic American success stories.

Blackwater personnel supporting our Country's overseas missions are all military and law enforcement veterans, many of whom have recent military deployments. No individual protected by Blackwater has ever been killed or seriously injured. There is no better evidence of the skill and dedication of these men. At the same time, thirty brave men have made the ultimate sacrifice while working for Blackwater and its affiliates. Numerous others have been wounded and permanently maimed. The entire Blackwater family mourns the loss of these brave lives. Our thoughts are with them and their families.

The areas of Iraq in which we operate are particularly dangerous and challenging. Blackwater personnel are subject to regular attacks by terrorists and other nefarious forces within Iraq. We are the targets of the same ruthless enemies that have killed more than 3,800 American military personnel and thousands of innocent Iraqis. Any incident where Americans are attacked serves as a reminder of the hostile environment in which our professionals work to keep American officials and dignitaries safe, including visiting Members of Congress. In doing so, more American service members are available to fight the enemy.

Last month, U.S. Ambassador to Iraq Ryan Crocker testified before the Senate Committee on Armed Services and addressed the vital role of Blackwater in Iraq:

> The reality is, for example, on the security function, much of our security--most of our security is provided by contractors. It is overseen by diplomatic security officers--Foreign Service officers, but there is simply no way at all that the State Department's Bureau of Diplomatic Security could ever have enough full-time personnel to staff the security function in Iraq. There is no alternative except through contracts.

Ambassador Crocker further noted "the capability and courage of the individuals who provide security under contract," calling the job they do "worthy of respect of all Americans." We are honored to be so well regarded by the head of the mission we protect.

Blackwater shares the Committee's interest in ensuring the accountability and oversight of contractor personnel supporting U.S. operations. The company and its personnel are already accountable under and subject to numerous statutes, treaties, and regulations of the United States. We also support the clarification of the Military Extraterritorial Jurisdiction Act and other measures contained in legislation authored by Rep. David Price (D-NC). I am attaching to my statement a list of existing laws, regulations, and treaties that apply to contractors and their personnel. As an additional measure of accountability, Blackwater mandates that its security professionals required to have a security clearance must take the same oath to support and defend the Constitution as is required by law for personnel of our United States Government customers.

While existing laws and regulations provide a level of contractor accountability and oversight, Blackwater believes that more can and should be done to increase accountability, oversight and transparency. Blackwater looks forward to working with Congress and the Executive Branch to ensure that any necessary improvements to these laws and policies are implemented.

The Worldwide Personal Protection Services contract, which has been provided to this Committee, was competitively awarded and details almost every aspect of operations and contractor performance, including hiring and vetting guidelines, background checks, screening, training standards, rules of force, and conduct standards. All personnel working on Department of State contracts must receive a security clearance from the U.S. Government of at least a "secret" level. In Iraq, Blackwater reports to the Embassy's Regional Security Officer, or RSO. All Blackwater movements and operations are directed by the RSO. In conjunction with internal company procedures and controls, the RSO ensures that Blackwater complies with all relevant contractual terms and conditions as well as any applicable laws and regulations. It is Blackwater's goal not just to meet the standards of the contract, but rather to continuously exceed any such standards and to continuously improve its performance.

We have approximately 1,000 professionals serving today in Iraq as part of our nation's total force. Blackwater does not engage in offensive or military missions, but performs only defensive security functions.

At this point, I would like to explain the incident of September 16, 2007 in Baghdad involving Blackwater. To put this incident into perspective and as the Department of State recently stated, in 2007 Blackwater has conducted 1,873 security details for diplomatic visits to the Red Zone—areas outside the Green Zone in Iraq—since January, 2007, and there have been only 56 incidents in which weapons were discharged, or less than three percent of movements. In 2006, Blackwater conducted over 6,500 diplomatic movements in the Red Zone. Weapons were discharged in less than one percent of those missions.

My understanding of the September 16 incident is that the Department of State is conducting a full investigation, but those results are not yet available. We should await the results of that investigation for a complete understanding of that event. This is my current understanding of the facts, which has to be considered incomplete at this time.

On Sunday, September 16, 2007, at approximately noon, a Blackwater team protecting an American government official had reached its destination when a very large vehicle-born improvised explosive device, otherwise known as a car bomb, detonated in close proximity to their location. This team secured its principal and requested support for its evacuation. In support of the first group, a second Blackwater team of vehicles proceeded to an intersection approximately one mile away from the explosion site to secure a route of egress for the Blackwater convoy that was protecting the government official. As the vehicle team arrived at the intersection, they came under small-arms fire and notified the first team to proceed along a different route. The vehicle team still in the intersection continued to receive fire and some team members returned fire at threatening targets. Among the threats identified were men with AK-47s firing on the convoy, as well as approaching vehicles that appeared to be suicide car bombers. The Blackwater personnel attempted to exit the area but one of their vehicles was disabled by enemy fire. They were ultimately able to tow the armored truck out of the intersection and return to the International Zone. Some of those firing on this Blackwater team appeared to be wearing Iraqi National Police uniforms, or portions of such uniforms. As the withdrawal occurred, the Blackwater vehicles remained under fire from such personnel.

The only team to discharge weapons was the vehicle team that was fired upon in the intersection. Of the approximately twenty members of that team, only five members

discharged their weapons in response to the threat. Blackwater air assets did assist in directing the teams to safety, but contrary to some reports, no one in the helicopters discharged any weapons.

To the extent there was loss of innocent life, let me be clear that I consider that tragic. Every life, whether American or Iraqi, is precious. I stress to the Committee and to the American public, however, that based on everything we currently know, the Blackwater team acted appropriately while operating in a very complex war zone on September 16.

Despite the valiant missions our people conduct each day with great success, in this September 16 instance, Blackwater and its people have been the subject of negative and baseless allegations reported as truth. There has been a rush to judgment based on inaccurate information, and many public reports have wrongly pronounced Blackwater's guilt for the death of varying numbers of civilians. Congress should not accept these allegations as truth until it has the facts. It is one thing to debate the accountability issues related to a private security company providing services to the U.S. Government, but it is quite another to attack the very brave men and women who voluntarily risk their lives on the front-lines each day serving in a very difficult situation at the request of their country and in defense of human life.

I hope you will understand that during my testimony today I cannot discuss matters that might reveal sensitive operational security and technical information that could be utilized by our country's enemies in Iraq and Afghanistan. Such disclosure should be avoided in order to safeguard lives of Blackwater and Department of State

personnel. I will answer your questions with these restrictions in mind, and raise concerns as necessary.

I am prepared to answer your questions.

Contractor Accountability

U.S. Constitution

U.S. Statutes

- Uniform Code of Military Justice
  "Art. 2. Persons subject to this chapter . . . .
  (a)(10) In time of declared war or a contingency operation, persons serving with or accompanying an armed force in the field."
- Military Extraterritorial Jurisdiction Act (MEJA)
- USA Patriot Act
- Foreign Corrupt Practices Act
- Anti-Torture Statute
- War Crimes Act
- Victims of Trafficking & Violence Protection Act
- Defense Trade Controls Act
- Defense Base Act
- Arms Export Control Act
- National Firearms Act
- Gun Control Act
- Inspector General Act

International Treaties

- Geneva Conventions
- Hague Convention IV

U.S. Regulations

- International Traffic in Arms & Export Administration Regulations
- DFARS § 252.225-7040 "Contractors Supporting a Force Deployed for Contingency, Humanitarian, Peacekeeping or Combat Operations" (June 2005)
- DOD Instruction 3020.41 "Contractor Personnel Authorized to Accompany the U.S. Armed Forces" (October 2005)
- General Order No. 1A – United States Central Command, (amended Aug 03)
- General Order No. 1 - Multi-National Corps – Iraq, 12 February 2005
- General Order No. 1 - Combined/Joint Task Force (CJTF) 76 [Afghanistan], 15 May 2004

Technical Assistance Agreements
(regulate defense services to foreign entities)

Chairman WAXMAN. Thank you very much, Mr. Prince.

I am going to start off with the questions.

The issue before us that I see that is important to understand is we have gone now in a major way to contract out what the Government and what the military ordinarily would do.

Your company started off at the beginning of 2001 with, I think, around over $200,000 in Government contracts. You now are making over $1 billion a year. That is quite a success. Even if I am wrong on the exact numbers, it is quite a success.

Now we are paying a lot of money for privatized military to do the work that our military people have done, and no one does this work better than the U.S. military. They are a very able and brave and courageous people that do a fantastic job for us.

So the question in my mind is are we paying more and getting less?

In asking that question, I want to focus on a particular incident. That incident received almost no public attention but involved the tragic loss of three of our troops, and my staff has reviewed the documents describing the incident. They prepared a memo which I would like, without objection, to make part of the record.

[The information referred to follows:]

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House of Representatives

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MEMORANDUM

October 2, 2007

To: **Members of the Committee on Oversight and Government Reform**

Fr: **Majority Staff**

Re: **The Crash of Blackwater Flight 61**

On November 27, 2004, a flight operated by Blackwater Aviation and designated "Blackwater 61" crashed in a canyon in a remote area of Afghanistan, killing the members of the flight crew and three U.S. military personnel who were passengers. According to government investigative reports and other documents obtained by the Committee, the crash and the deaths of the crew and passengers were caused by a combination of reckless conduct by the Blackwater pilots and multiple mistakes by Blackwater, including hiring unqualified and inexperienced pilots, failure to file flight plans, and failure to have proper equipment for tracking and locating missing aircraft.

This memorandum summarizes what is known about the crash of Blackwater 61. It is based in large part on two federal investigative reports. One report, by a joint U.S. Air Force and Army task force, has never been publicly released. The other report, by the National Transportation Safety Board (NTSB), has been publicly released, but has received little attention. The Committee staff also reviewed internal Blackwater e-mails in examining the causes of the crash.

Both the joint task force report and the NTSB report find that the pilots of Blackwater 61 acted irresponsibly. According to the NTSB report, the Blackwater captain and first officer were "behaving unprofessionally" and were "deliberately flying the nonstandard route low through the valley for 'fun.'"

The reports and the company's internal e-mails also identify a series of mistakes made by Blackwater. The pilots assigned to the flight lacked flying experience in Afghanistan. They had

never flown the route before. Blackwater did not file flight plans and did not have any way to locate or track the aircraft after the crash. The failure to have tracking systems was particularly serious because one of the military passengers survived the crash and was probably alive for at least 10 hours before dying from internal injuries complicated by prolonged exposure to the cold.

The Blackwater flight crew lost their lives on Blackwater 61, but there does not appear to have been any sanctions or consequences for Blackwater as a result of the crash. Just last week, the Defense Department awarded the company a five-year $92 million contract renewing and expanding its services in Afghanistan to Kyrgyzstan, Pakistan, and Uzbekistan.

I. Background on Blackwater Aviation

Blackwater Aviation's services are provided by sibling companies to Blackwater USA. According to Blackwater's website, Blackwater Aviation consists of the assets and services of Presidential Airways and Aviation Worldwide Services, companies which are holdings of The Prince Group, LLC, which is also the parent company of Blackwater USA.[1] All of these companies are wholly owned by Erik Prince.

The flight that crashed in Afghanistan was operating under Blackwater Aviation's contract with U.S. Air Force's Air Mobility Command to assist its mission in Afghanistan, Uzbekistan, and Pakistan. Under this contract, which was worth $35 million over two years, Blackwater transports personnel and equipment on short flights within the region.

Blackwater Aviation also provides air support for its security convoys in Iraq under Blackwater's Worldwide Personal Protective Services contract. Under that contract, Blackwater operates a fleet of helicopters that are known for aggressive flying and heavy firepower.[2] The "little bird" helicopters carry two Blackwater door gunners and can respond rapidly to incidents. These services are provided as part of Blackwater's $1.2 billion contract with the State Department to provide security for the U.S. diplomatic mission in Iraq.

II. The Crash of Blackwater 61

On November 27, 2004, a Blackwater flight took off from Bagram Air Base en route to Farah, Afghanistan. The flight, designated "Blackwater 61," was carrying a cargo of mortar rounds and three passengers. The aircraft was a CASA 212 with the tail number N960BW, which was operated by Presidential Airways and owned by Aviation Worldwide Services, both of which are Prince Group subsidiaries.[3] Approximately 40 minutes after take-off, Blackwater 61 crashed into a canyon wall.

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[1] Blackwater, *Blackwater Aviation* (accessed on Sep. 29, 2007) (online at www.blackwaterusa.com/aviation/).

[2] *Blackwater's 'Little Birds' of Baghdad Pack Quite a Sting*, The Virginian-Pilot (Mar. 1, 2007).

[3] U.S. Air Force/U.S. Army, Joint Task Force, Collateral Investigations Board, *CASA 212, N960BW* (Aug. 23, 2005).

There were six people aboard Blackwater 61. The members of the crew consisted of Blackwater Captain Noel English, First Officer Loren Hammer, and Flight Mechanic Melvin Rowe. In the rear section of the plane were three passengers who were active-duty U.S. Army personnel, Lieutenant Colonel Michael McMahon, Chief Warrant Officer 2 Travis Grogan, and Specialist Harley Miller.[4] Everyone on board perished.

Two federal investigations have been conducted since the crash. The first was conducted by a joint U.S. Air Force and Army task force "Collateral Investigations Board" and was concluded in August 2005.[5] This investigation, the results of which have not been made public, relied in part on the information collected by the military search and rescue unit that located the crash site. The second investigation was conducted by the National Transportation Safety Board (NTSB). The NTSB investigation made a thorough analysis of the flight data, including the voice cockpit recording that was recovered from the wreckage of Blackwater 61.[6]

The two investigative reports and internal Blackwater e-mails portray the crash as a result of a series of preventable mistakes involving the pilots and Blackwater Aviation.

A. Actions by Blackwater Pilots

The NTSB investigation reported that the crash resulted from the "captain's inappropriate decision to fly a nonstandard route and his failure to maintain adequate terrain clearance."[7] According to the NTSB report, the aircraft deviated from the normal route almost immediately after take-off because none of the crew were familiar with the route they were flying. According to the cockpit voice recorder, approximately 14 minutes into the flight, the Blackwater captain said, "I hope I'm going into the right valley." The first officer responded, "This one or that one." The captain stated, "I'm just gunna go up this one."[8] Later in the flight, the flight mechanic observed, "We don't normally go this route."[9]

The NTSB report found that the captain and first officer were "behaving unprofessionally and were deliberately flying the nonstandard route low though the valley for 'fun.'"[10] According to the cockpit voice recorder, the first officer told the captain, "You're an x-wing fighter star wars man." The captain responded, "You're [expletive] right. This is fun." He also stated, "I

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[4] U.S. Air Force/U.S. Army, Joint Task Force, *supra* note 3.

[5] *Id.*

[6] National Transportation Safety Board, *Aircraft Accident Brief, Accident Number IAD05FA023* (Nov. 8, 2006).

[7] *Id.*

[8] National Transportation Safety Board, *Specialist's Factual Report of Investigation: Cockpit Voice Recorder Transcript* (Oct. 18, 2005).

[9] *Id.*

[10] National Transportation Safety Board, *supra* note 6.

swear to god they wouldn't pay me if they knew how much fun this was. ... It takes an extraordinary day that you can actually get down ... and do some [expletive] like this."[11]

During the flight, the captain and first officer discussed what would be the most appropriate sound track to their flight. The captain proposed "Phillip Glass or somethin' suitable new age'y." The first officer disagreed: "No. We gotta have butt rock. That's the only way to go. Quiet Riot, Twisted Sister."[12]

Twenty-five minutes after takeoff, the captain indicated that the plane was approaching the end of the canyon. He stated, "okay, it's about time we're gunna start climbin.' ... yeah I think this valley might peter out right up here."[13] Even after observing that the canyon was coming to an end, however, the captain did not attempt to turn for 15 more minutes. Approximately 40 minutes after takeoff, Blackwater 61 entered a stall while trying to execute a 180 degree turn and crashed into the canyon wall.

B. Actions by Blackwater Management

Both the military and NTSB investigations of Blackwater 61 identified multiple shortcomings on the part of Blackwater management. These included hiring unqualified and inexperienced pilots and failing to track and monitor the flight in order to rescue potential survivors. The actions of Blackwater management violated its own internal standards and federal regulations.

The military investigation found that Blackwater used an inexperienced flight crew that did not meet its own internal standards. According to the military investigation, neither the captain nor the first officer had more than a month of flying experience in Afghanistan. This was a violation of Blackwater's policy, which required that at least one of the two pilots have 30 days experience flying in theater.[14] The military investigation also found that Blackwater used two pilots who had never flown the route from Bagram Air Field to Farah before.[15]

Internal Blackwater documents indicate that the company knowingly hired personnel with "background and experience shortfalls" in order to quickly ramp-up operations on the contract. On November 10, 2004, just sixteen days before the crash, Paul Hooper, Blackwater Aviation's Afghanistan site manager, sent an e-mail to John Hight, Vice President for Operations of Blackwater Aviations. Mr. Hooper stated:

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[11] National Transportation Safety Board, *Cockpit Voice Recorder Transcript*, *supra* note 8.

[12] *Id.*

[13] *Id.*

[14] U.S. Air Force/U.S. Army, Joint Task Force, *supra* note 3.

[15] *Id.*

> By necessity the initial group hired to support the Afghanistan operation did not meet the criteria identified in e-mail traffic and had some background and experience shortfalls overlooked in favor of getting the requisite number of personnel on board to start up the contract.[16]

The two pilots of Blackwater 61 appear to be among the "initial group hired to support the Afghanistan operation." According to documents the Committee obtained from Blackwater, they were hired only a week after Blackwater commenced operation on this contract.[17] The documents also reveal that the first officer of Blackwater 61 had been involved in a crash landing of another aircraft in 1999.[18]

Another significant error involved Blackwater compliance with federal and military safety regulations. The NTSB report concluded that Blackwater failed to "ensure that the flight crews adhered to company policies and FAA and DoD Federal safety regulations."[19] According to the military report, Blackwater failed to file a flight plan prior to takeoff. Blackwater also failed to "provide for timely notification of an FAA facility or search and rescue facility if an aircraft is overdue or missing"[20]

The crash investigations also concluded that Blackwater did not have acceptable procedures for tracking aircraft movement or adequate means of contacting an airplane if missing.

As the investigations found, these mistakes significantly delayed the search and rescue effort. Blackwater 61 was not noted as missing until it was more than four hours late for its expected arrival in Farah.[21] Search and rescue operations were not able to locate the wreckage until approximately 24 hours after the crash, in part because the plane had deviated so far from its expected course.[22]

Of the six people on board Blackwater 61, five died on impact. But one passenger, Army Specialist Harley Miller, survived the crash and was probably alive for at least ten hours after the

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[16] E-Mail from Paul Hooper, Site Manager, Blackwater Aviation to John Hight, Vice President for Operations, Blackwater Aviation (Nov. 10, 2004).

[17] Independent Contractor Service Agreement between Presidential Airways and Noel English (Oct. 7, 2004); Independent Contractor Service Agreement between Presidential Airways and Loren D. Hammer (Oct. 6, 2004); Blackwater Aviation, *Afghanistan STOL Mission Report* (Nov. 29, 2004) (showing contract flights began Sep. 28, 2004).

[18] Loren D. Hammer, *AIG Aviation Pilot Qualifications Form* (Sep. 23, 2004).

[19] National Transportation Safety Board, *supra* note 6.

[20] U.S. Air Force/U.S. Army, Joint Task Force, *supra* note 3.

[21] National Transportation Safety Board, *supra* note 6.

[22] *Id.*

crash.[23] The federal investigators found evidence that Specialist Miller had left the plane to urinate more than once, had smoked cigarettes, and had unrolled a sleeping bag inside the fuselage. Regrettably, by the time rescuers reached the wreckage, Specialist Miller was dead. According to the investigations, he died from internal injuries sustained during the crash that were complicated by prolonged exposure to the cold.[24]

According to the NTSB report, the search and rescue operations spent five critical hours — at least some of which Specialist Miller was still alive — searching a region where the plane had not flown, but which Blackwater identified as the most typical route.[25] The report found:

> By the time the air searches were initiated, the injured survivor had been stranded at the downed airplane for about 7 hours. His rescue was further delayed when the subsequent 5 hours of aerial searches were focused in areas where the airplane had not flown; military search and rescue personnel were initially dispatched to search the area along the flight's alternate destination route and then the area south of [Bagram Air Field], based on [Blackwater's] assumption that the flight had followed the typical route.[26]

III. Actions by U.S. Government

The Committee has requested but received no information from the Defense Department regarding any sanctions imposed upon Blackwater Aviation arising from this incident. As a result, there is no evidence before the Committee of any penalties imposed, remedial actions required, or contract changes made.

On September 27, 2007, the Defense Department awarded a $92 million contract to Blackwater Aviation for services in Afghanistan, Kyrgyzstan, Pakistan, and Uzbekistan for the time period from 2007 to 2011.[27] This contract renewed and expanded Blackwater Aviation's operations.

IV. Views of Family Members

One of the active duty service members who was killed was Lt. Col. McMahon, an Army aviation commander. His widow, Col. Jeanette McMahon is also an aviator. She works at West Point, in the Office of the Commandant. On September 28, 2007, she wrote Chairman Waxman:

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[23] *Id.*

[24] *Id.*

[25] *Id.*

[26] *Id.*

[27] U.S. Department of Defense, *Press Release: Contracts* (Sept. 27, 2007).

> Some would say it was simply a tragic accident, and that accidents happen especially in a combat theater. But this accident was due to the gross lack of judgment in managing this company.[28]

Tracy Grogan, the widow of Chief Warrant Officer Grogan, has also submitted a written statement. Both are included as attachments to this memo.

Both Col. McMahon and Ms. Grogan have filed lawsuits against Blackwater Aviation. These lawsuits are pending.

[28] Letter from Col. Jeanette McMahon to Henry A. Waxman, Chairman (Sep. 28, 2007).

Dear Chairman Waxman,

I applaud you for your efforts to bring to light the deplorable behaviors of Blackwater as an organization, and specifically the individuals who own it and run it. I anticipate hearing what Mr. Eric Prince brings to the table in answering questions regarding his company's policies and actions. From my perspective as a widow, which status I must claim because of Blackwater's actions (and inactions), I appreciate that through your actions, our government is still strong enough to hold both large corporations and individuals accountable, no matter how wealthy, no matter what political affiliation, no matter what religion. I wish I could be present to face Mr. Prince personally, so he would have to look in my eyes and face the widow to which he is responsible, and I hope some day accountable; especially as he never felt compelled to even write so much as a note of sympathy after Mikes death.

I will tell you later the story of LTC Michael McMahon, who grew up in a humble family and decided to serve his country. He decided to serve, not for just a few years, to then move on to the private sector to make more money; but he decided to dedicate his life to this noble profession. He wore the Army uniform and swore to live up to the Army values until a tragic day in November 2004 when the Blackwater plane on which he was a passenger needlessly crashed in the frozen mountains of Afghanistan.

Mike, like Mr Prince, was a CEO of sorts in the military, as an aviation commander and as such had amassed a great safety record in his unit. It is ironic and unfortunate that he had to be a passenger on this plane, versus one of the people responsible for its safe operation. Some would say it was simply a tragic accident, and that accidents happen especially in a combat theater. But this accident was due to the gross lack of judgment in managing this company. The country has seen on the news repeatedly, the cavalier and indifferent manner in which this company has continue to operate – it allowed flight operations to go on, carelessly unchecked, poorly supervised, and blatantly in violation of commonly accepted aviation safety practices, resulting in needless casualties.

It couldn't have been stated any better than by a captain currently serving in the Army who said, "My impression of Blackwater after having served 10 months of my tour in Baghdad is that they are trigger happy, unrestrained by our army's rules of engagement, a danger to Iraqi civilians and coalition forces alike, behave as if they are above the law, are viewed as indiscriminate killers by the population, and have no business operating in a combat theater. The consensus among my peers is they are a liability, not an asset. Our government's money would be better spent on increasing the size of our regular army than on hiring."

If you had an opportunity to read the transcripts of the pilots who were trained by this company, on their last flight, like I did - you would see that they completely fulfilled

this sad but true description of "thrill-seeking cowboys loyal only to a paycheck" – they were more concerned with what type of music they could listen to and how to wire it into their headsets then the fact that they were lost; they boasted how much fun they were having and how much they got paid and how if anyone knew surely the gig would be up. I find it despicable that anyone running a corporation, whether for profit or not, could allow such a pervasive degradation to the mission at hand, especially in a field of work were lives were on the line.

I will never recover from this event, nor will my children. We appreciate the love and support we have received from our Army family, which continues to this day – never leave a fallen comrade is part of the Army's Warrior Ethos. But in the end my children will forever be casualties – their wounds, although not visible at first, are noticeable and significant. In my mind they are another type of Wounded Warior, stuggling to make sense of it all. Whether it be struggling in school, struggling to be a teenager or a young adult in a fast paced world, they find themselves trying to keep up, dragging their crutch, and wondering what like would be like if this event had not happened. I am a very strong woman and I can't imagine what would have happened to my family otherwise. I find myself more angry than sad that Mike is dead.

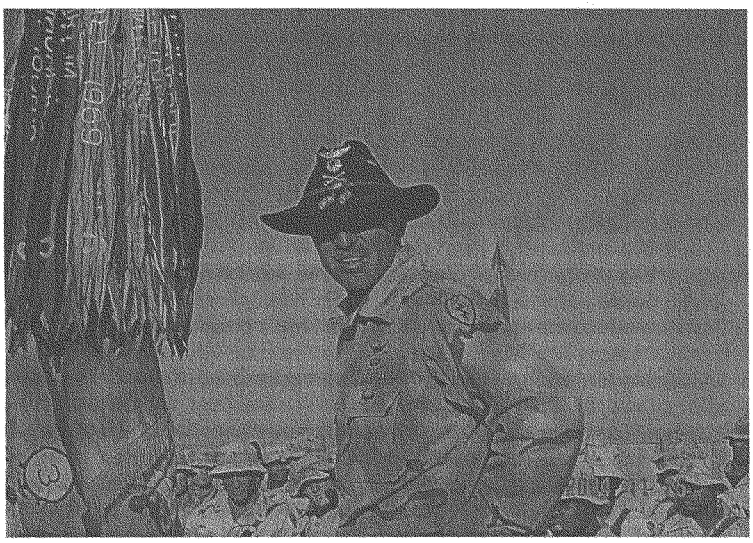
When Mike died, the Army had a Memorial Service that week – the boys and I attended and I told my 4 year old that if he behaved at the service he could ride his scooter outside in the parking lot afterwards. Not realizing of course that the media was camped outside when we emerged I decided to let him take his ride. The media politely asked if they could talk to him and I agreed. He proceeded with an amazing sense of understanding to explain to them what had happened to his father – that the plane flew in the wrong place – that it crashed and that his Dad had died. He would now be an angel in heaven and would make the stars come out at night. That night, many hours later, he reminded me that we needed to go outside – it was way past his bedtime – but again I relented as I tried to guide my son through the grief I could not comprehend of a 4 year old. I was dismayed as we stepped onto the lanai of four Hawaiian home and the sky was covered with clouds and as I tried to develop some sort of explanation in my mind as we headed to the picnic table, the sky, as if an arm brushed away the clouds, miraculously cleared and every star shone brightly. Not lost on this bright little boy, he beamed – I told you so! You see, those of us who knew Mike know the tremendous power he had to bring out the best in people. The fact that my children now live without that is very sad.

But there is another chapter – this boy 6 months later asked to go back out to the back yard to see the stars again. This time as I carried him out to the table I told him he could make a wish on the first star he saw – he immediately announced he wanted a dog, a real live dog - this had been a recurring discussion with him for years. But then he thoughtfully asked what I would want to wish on the star, and I blurted out that I wished we could go back in time to before Thanksgiving – and let it at that. He wouldn't understand I thought. After a moment he asked to go down to the water – it was safe – there was a fence – and although I couldn't see him clearly due to the hill in the yard and the darkness I let him go for a moment. As I sat there, I heard this deep voice saying "You can have the dog" I smiled. Then I heard, "And you can have your Dad back" and

my heart broke – as he made his way up to the table with a smirk on his face – I knew this boy would make it – here he was trying to ease my burden - I picked him up and hugged him and told him – You know – we can't get a dog, he shook his head, "and we can't get your Dad back" – and he shook his head – so what I am here to say today – is the McMahon family – we get it – we know we have to live with this grief and we intend to do it and to do it honorably – but the bottom line is that if people were doing the jobs they were paid to do – this would not have happened and I wouldn't be explaining to 3 boys, whose Dad had an immeasurable impact on their lives, why he is gone forever.

LTC Mike McMahon West Point (1985)

22 Oct 1963 - 27 Nov 2004

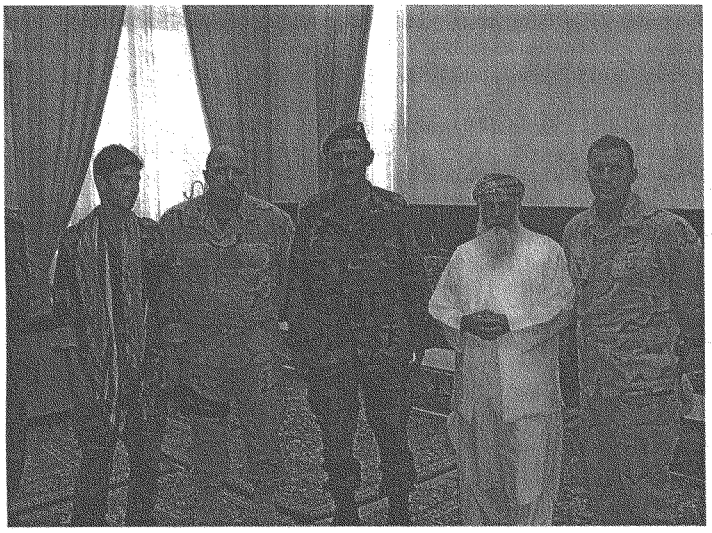


This picture was taken on Thanksgiving Day, 2 days before Mike was tragically and needlessly killed in a plane crash while serving in Operation Enduring Freedom. He was commanding the 3rd Squadron, 4th Cavalry Regiment from the 25th Infantry Division and was getting ready to address his Troopers after bringing all his Soldiers back to the base for a unit organization day and Thanksgiving celebration.

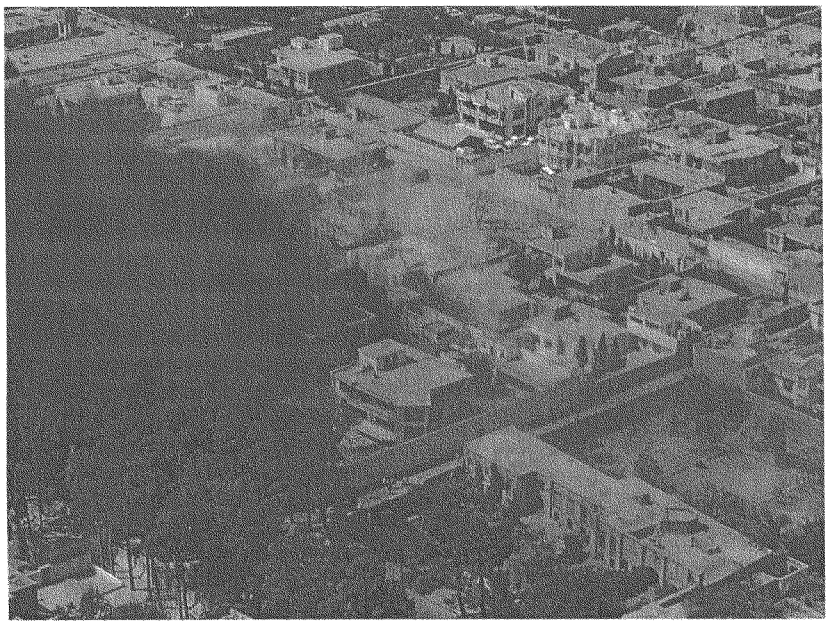
Mike wanted to attend West Point from an early age, likely influenced by his Dad, a retired Army aviator and his brother, Dennis McMahon III, a 1976 West Point Graduate who was killed in a car accident while when he was a Captain teaching at Ft Benning, and who is buried 3 plots away from Mike.

He spent 19 years serving his country and many Cavalry units to include 2/17th (Out Front), 7th Cavalry Regiment (Gary Owen), 21st Cav Bde, 1st Cav Div, 2nd Armored Cavalry Regiment (Toujours Pret – Always Ready), and finally ¾ Cav (All Cav!) His life was focused on his faith, his family, and his fellow man and woman; he was a humble man who maintained a balance of life, love, laughter.

His squadron deployed to theater of operations in Afghanistan in May 2004 and was immediately on the ground conducting missions to stabilize the country for upcoming elections. After continued problems in the western region of the country and green on green factionalism that was hindering efforts to secure these provinces, Mike's unit was further deployed to the town of Herat, whose local leader was the notorious warlord, Ishmael Khan pictured in white with Mike to his right below (who was one of the few warlords to have some successes against the Russians in the 70's).



Not all the negotiations went smoothly, there was a riot in the city, and Mike found himself the senior leader on the ground to diffuse the situation. He and his troopers were able to rescue 80 UN workers whose compound was attacked and set on fire. Not without some injuries, but no loss of life. Many of his troopers were awarded for heroics that day, and Mike humbly received the Bronze Star with Valor device, and the Purple Heart (ironically from LTG Barno – his brother Dennis' West Point classmate). Smoke from the burning compound rises as the Blackhawk attempts to land.

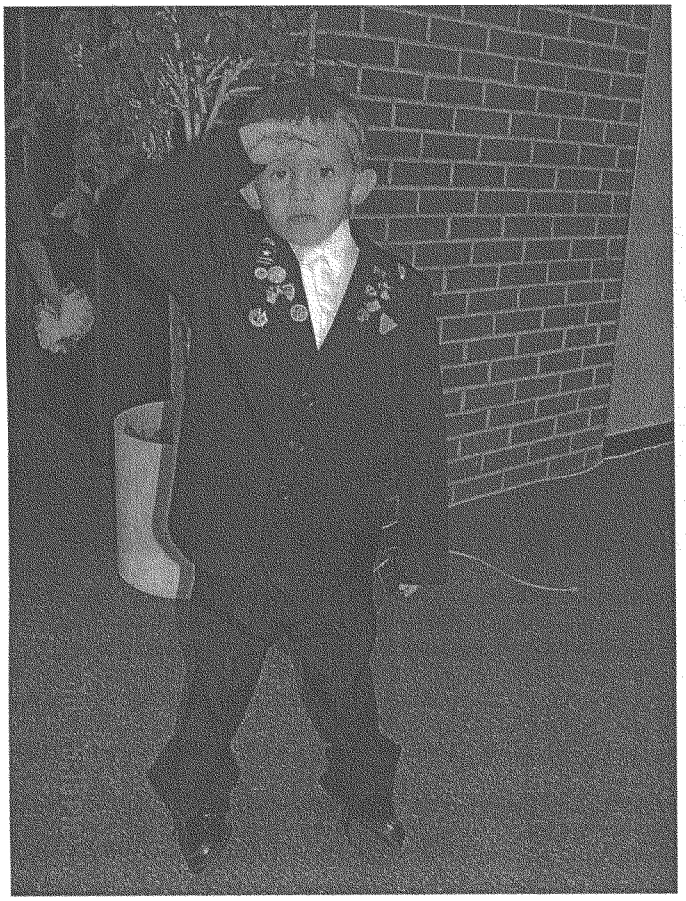


I ask you to remember three things when you remember Mike. First, that he and his Soldiers truly believed that the American people supported the troops, regardless of the voice given by the media to the very vocal but small minority. At Mike's funeral, LTG Jim Campbell, the official Army representative and a good friend stood by my side trying to present me the triangularly folded flag. I took a long moment to reach out and take it, as if by not accepting it I could somehow erase the reality of what had happened. But when, in his calm, and caring voice he spoke the words he had memorized, "On behalf of a grateful nation, I found the strength to put my hands around the flag, knowing not only in my heart, but knowing that Mike and the men and women in his unit knew that their sacrifice was not for naught, but that a grateful nation mourned along with me.

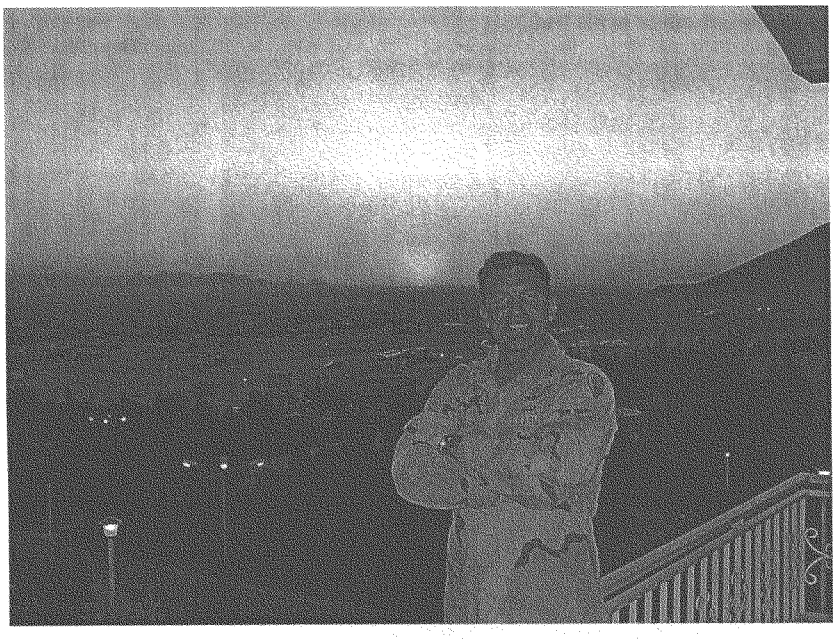
Second – as untimely and tragic as this event was, Mike was thankfully prepared. He did the necessary paperwork, had his finances in order, but more importantly his relationships were solid and meaningful – there were no loose ends, and most important of all his relationship with his God was where he believed it should be.

And third, that Mike's legacy challenges all of us, his own sons, those Army warriors and comrades that only death forced him to leave behind, and succeeding graduates of the Long Gray Line at West Point to live up to the ideals and the values that we hold as essential to the American way of life and to what he pledged his life to support and defend, Duty, Honor, Country (as his youngest son attempts to

emulate with his last salute to his Dad.)



Mike was a great leader in war, and he was a great leader in peace and his love for life has made many reconsider how they live each day. He leaves behind a legacy of integrity, persistence and stamina and his family will harness his energy to continue to live life as it should be lived (Mike enjoys a sunset during his last days).



Submitted respectfully in his memory and in his honor by his widow, Jeanette M. McMahon Angresano on 28 Sep 07.

Jeanette M. McMahon

Chairman Waxman,
My name is Tracy Grogan, wife of CW2 Travis Grogan. My husband was deployed to Afghanistan in 2004 during OEF with the 25th ID from Hawaii. He was a Kiowa Warrior Pilot who loved to fly his helicopter and was proud to serve in the Army and in Afghanistan.
Travis' squadron, ¾ Cav, was stationed in Shindand, Afghanistan. He had gone to Bagram to attend a meeting about redeployment for he was one of the movement officers for the Cavalry. On the 27th of November 2004 he boarded the Blackwater aircraft to return to Shindand from Bagram. As you can guess, they never made it back. According to the reports from the DOD and NTSB, the aircraft crew flew a different direction than the expected route, flew into a boxed canyon and crashed while trying to get out. Everyone on board was killed, not because of hostile fire or bad weather or a faulty aircraft. They were killed because Blackwater didn't follow the rules on which they were hired. This tragedy happened because of a neglect and blatant disregard for FAA and DOD regulations. The DOD contract stated that the company must operate in accordance with Part 135 specifications…evidence shows that they didn't follow the rules when it came to the use of flight plans, supplemental oxygen, flight locating and many other things. The FAA failed to oversee Presidential Airways/Blackwater and the DOD failed to make sure the private contractor they hired to do a job was actually doing the job by the rules to make sure our soldiers/my husband were safe.
Because of the carelessness of Blackwater/Presidential Airways I am left without my husband, my best friend and my way of life. I so miss wondering where we will be stationed next. I miss the excitement of military life. I am left to raise our children in suburbia as a single parent. I am left to do everything on my own. My two children are left without a father to love them and protect them and make them feel safe like only a dad can do. I can't tell you how many times a week I still get the question from my kids, "Why did Daddy have to die?" Our little family is left with a huge void that I fear will never be filled.
There needs to be steps taken to ensure that carelessness like this doesn't happen again. The contractors hired by our government to assist our military personnel need to have supervision to make sure we as Americans are getting what we pay for. To make sure that the rules set in place, especially for safety, are followed. There also needs to be prosecution for those contractors who blatantly do not follow the rules and risk the safety of our soldiers, who may I add go in harms way voluntarily. To this day, there has been no justice for my husband or our little family.

Tracy Grogan

Chairman WAXMAN. On November 27, 2004, there was a plane run by Blackwater Aviation that crashed into a wall of a canyon in the mountains of Afghanistan. This plane was carrying three military personnel, three active duty U.S. personnel: Lieutenant Colonel Michael McMahon, Chief Warrant Officer Travis Grogan, and Specialist Harley Miller.

About 40 minutes after takeoff, Blackwater 61 crashed into the wall of a canyon and all the occupants were killed. The crash was investigated by a joint Army and Air Force taskforce and by the National Transportation Safety Board.

The NTSB report found that Blackwater captain and first officer behaved unprofessionally and were deliberately flying the non-standard route low through the valley for fun. The report found that the pilots were unfamiliar with the route, deviated almost immediately after takeoff and failed to maintain adequate terrain clearance.

They also had a transcript of the cockpit voice recording, and on this recording the flight crew joked with each other, saying, "You are an X-wing fighter Star Wars man and you are," expletive "right. This is fun."

The captain stated, "I swear to God they wouldn't pay me if they knew how much fun this was."

Mr. Prince, one allegation raised recently about Blackwater's actions is that your contractors have acted irresponsibly. One senior U.S. commander told the Washington Post "They often act like cowboys."

Let me ask you about that crash of Blackwater Flight 61. In this case, did Blackwater's pilots act responsibly or were they, in the words of the U.S. commander, acting like cowboys?

Mr. PRINCE. I disagree with the assertion that they acted like cowboys. We provide a very reliable, valuable service to the Air Force and the Army in Afghanistan. Anytime you have an accident, it is an accident. Something could have been done better.

It is not a Part 135 U.S. type flying operation. There are no flight services. There are no flight routes. There are no nav aids. It is truly rugged Alaska-style bush flying.

Chairman WAXMAN. Well, the investigators said from the National Transportation Safety Board that Blackwater Aviation violated its own policies by assigning two pilots without adequate flying experience in Afghanistan. According to the military report, it was your policy, Blackwater policy, that required at least one of the pilots to have flown in theater for at least a month, but neither pilot had flown for that long and neither had flown the route they were assigned that day.

This is clear in the cockpit voice recording. Right after takeoff, the Blackwater captain said, "I hope I am going into the right valley."

The first one replied, "This one or that one?"

The captain then apparently guessed which valley to fly, saying, "I am just going to go up this one."

The flight mechanic later observed, "We don't normally go this route."

Why didn't Blackwater follow its own policies and team two new pilots with more experienced ones? Why did you have two inexperienced pilots together?

Mr. PRINCE. I am not qualified to speak to the experience level of the pilots. I will tell you that we are operating under military control. In fact, the aircraft was set to take off with two passengers onboard, and they actually turned around for the lieutenant colonel who I believe who boarded late.

There was also it violated. The military violated its policy by loading both ammunition. That aircraft is also flying with a large number of illumination mortar rounds, and they are not supposed to mix pax and cargo. But, again, we followed our customer's instructions.

Yes, accidents happened. We provided thousands and thousands of flight hours of reliable service since then. Today still, we are flying more than 1,000 missions a month.

Chairman WAXMAN. But on that one, the investigators found that Blackwater failed to follow standard precautions to track flights, failed to file a flight plan, failed to maintain emergency communications in case of an accident, and tragically these failures may have cost the life of the crash's sole survivor because one of the military people that you were escorting or your flight was escorting evidently survived for at least 10 hours after the crash.

He suffered internal injuries, but he got out of the plane to urinate. He smoked a cigarette. He rolled out a sleeping bag. Nobody came, and then he died of cold from inattention. There was no way, as required, for anybody to know where that plane had landed even though that is a requirement.

I have an email that I want to read to you. It was sent on November 10, 2004, 16 days before the crash. It is from Paul Hooper, Blackwater Afghanistan site manager, and it was sent to John Hite, vice president for operations for Blackwater Aviation.

In it, Mr. Hooper says, Blackwater knowingly hired pilots with background and experience shortfalls.

Here is what he wrote: "By necessity, the initial group hired to support the Afghanistan operation did not meet the criteria identified in email traffic and had some background and experience shortfalls overlooked in favor of getting the requisite number of personnel on board to startup the contract."

One of the great ironies of this accident is that while the aircraft was being piloted by an inexperienced Blackwater pilot, a skilled military pilot with an exemplary safety record, Lieutenant Colonel Michael McMahon was on board the flight as a passenger.

This is what his widow wrote to me. She is Colonel Jeanette McMahon, and she works at West Point.

She said, "Mike, like Mr. Prince, was a CEO of sorts in the military as an aviation commander and as such had amassed a great safety record in his unit. It is ironic and unfortunate that he had to be a passenger on this plane versus one of the people responsible for its safe operation. Some would say it was simply a tragic accident . . . but this accident was due to the gross lack of judgment in managing this company."

Mr. Prince, Colonel McMahon is asking why the taxpayers should be paying your company millions to conduct military trans-

port missions over dangerous terrain when the military's own pilots are better trained and a lot less expensive. How do you respond?

Mr. PRINCE. We were hired to fill that void because there is a different—it is a different kind of airlift mission going in and out of the very short strips in Afghanistan. You have high altitude, short strips, unimproved runways, and you have transport aircraft that are designed to support a large conventional battle.

We are doing small missions. The typical CASA payload maxes out at 4,000 pounds. They can't even hold that because of the short altitude or the high altitude short strips, they have to go in and out of, hauling mail, hauling parts.

We are filling that gap because these strips are too small for C–17s. They are too small for C–130's. They are going in and out of places that the military can't get to with existing aircraft they have. That is why we are doing that mission.

Chairman WAXMAN. You are saying that the military could not do this job?

Mr. PRINCE. They did not have the assets to do it in theater or back in the United States, no, sir.

Chairman WAXMAN. They could have acquired those assets, however. Instead, they hired you.

Mr. PRINCE. I believe the Congress has seen fit to proceed with some sort of aircraft acquisition program to fill that void going forward, but this is a temporary service to fill that gap.

Chairman WAXMAN. Well, we have been in Iraq for 5 years now. The pilots of Blackwater 61 paid for their errors with their lives, but I am wondering whether there was any corporate accountability for Blackwater. Were any sanctions placed on the company after the investigative reports that were so critical of Blackwater were released?

Mr. PRINCE. Anytime there is an accident, a company also should be introspective and look back and see what can be done to make sure that it doesn't happen again.

Chairman WAXMAN. Aside from your introspection, were you ever penalized in any way? Were you ever fined or suspended or reprimanded or placed on probation?

Mr. PRINCE. I believe the Air Force investigated the incident, and they found that it was. It was pilot error. It was not due to corporate error that caused the mistake or that crashed the aircraft.

Chairman WAXMAN. My time is up, but the corporation hired inexperienced pilots. They sent them on a route they didn't know about. They didn't even follow your own rules. It seems to me that it is more than pilot error. There ought to be corporate responsibility, and Blackwater was the corporation involved.

Aside from your introspection, you have just been awarded a new contract for almost $92 million. I want to see whether you are getting a stick as well as all these carrots.

Mr. Davis, your turn.

Mr. DAVIS OF VIRGINIA. Thank you, Mr. Chairman.

Let me just say I think if there is a question if they should be in or out, if the private companies are doing work of the Army, that really ought to be addressed by the Defense Department and State Department.

Mr. ISSA. Mr. Chairman.

Mr. Ranking Member, would you yield for a question?

Mr. DAVIS OF VIRGINIA. I would.

Mr. ISSA. Since I wasn't here during the Clinton administration, did Mr. Waxman and this committee investigate Secretary Brown's crash in which he was killed?

That was a military flight, C–130, I believe. Was that investigated?

Mr. DAVIS OF VIRGINIA. I wasn't here. I was not here at that point, but I understand the question.

Mr. ISSA. So crashes happen bad weather and in combat.

Chairman WAXMAN. Will the gentleman yield to me?

That crash was investigated, and the gentleman would be able to get the report of that investigation.

Mr. DAVIS OF VIRGINIA. Let me yield 5 minutes to the gentleman from North Carolina.

Mr. MCHENRY. I thank the ranking member for yielding.

Mr. Prince, can you describe to the committee the nature of your contract, who your client is in Iraq?

Mr. PRINCE. In Iraq, we work for the Department of State.

Mr. MCHENRY. What is the service you provide for the Department of State?

Mr. PRINCE. We operate under the Worldwide Personal Protective Services Contract, and we are charged with protecting diplomats, reconstruction officials and visiting CODELs, Members of Congress and their staffs.

Mr. MCHENRY. In this calendar year, how many missions have you had in Iraq?

Mr. PRINCE. 1,873.

Mr. MCHENRY. How many incidents occurred during those 1,873 movements?

Mr. PRINCE. Only 56 incidents.

Mr. MCHENRY. A movement is, for instance, a Member of Congress lands at the airstrip. They are transported to the embassy. That is one movement.

Mr. PRINCE. Yes, sir.

Mr. MCHENRY. All right, and 56 incidents out of 1,873 movements in a war zone, is that correct?

Mr. PRINCE. Resulted in a discharge of one of our guys' weapons.

Mr. MCHENRY. Those 56 incidents, does that mean that they shot at someone? Describe what an incident is.

Mr. PRINCE. Yes. We don't even record all the times that our guys receive fire. The vehicles get shot at on a daily basis, multiple times a day. So that is not something we even record.

In this case, an incident is a defensive measure. You are responding to an IED attack followed by small arms fire.

Most of the attacks we get in Iraq are complex, meaning it is not just one bad thing; it is a host of bad things. Car bomb followed by small arms attack. RPGs followed by sniper fire.

An incident occurs typically when our men fear for their life. They are not able to extract themselves from the situation. They have to use sufficient defensive fire to off the X, to get off that place where the bad guys have tried to kill Americans that day.

Mr. MCHENRY. So in 1,873 missions, 56 incidents occurred which means potentially the Blackwater individual, the former soldier in

most cases, discharges a weapon. Perhaps in the air, is that a possibility?

Mr. PRINCE. It is not likely into the air. It is either going to be directed at someone that is shooting at us or another real problem. You know the recent Washington Post series on IEDs in Iraq, 81,000 IED attacks.

The bad guys have figured out how to make a precision weapon. You take a car. You pack it with explosives, and you put a suicidal person in there that wants to drive into the back of a convoy and blow themselves up.

Mr. MCHENRY. An additional question here, those 56 incidents pretty much all involved returning fire. A caravan is being shot at, for instance, and you would return fire or a potential car bomb is coming at you and you are returning.

Mr. PRINCE. A potential car bomb, yes. Defensive fire or potential car bombs going, potentially coming near you, you have to warn them off.

There is a whole series in the use of force continuum that our guys are briefed and they abide by. They are briefed on it through their training back here in the United States.

Every time they leave the wire, every time they launch on that mission, before they go in the morning, they get the mission brief on what they are going to do, who they are protecting, where they are going, the intelligence, what to be on the lookout for, where have there been particularly bad areas in the city and the use of force continuum, those rules of engagement.

Mr. MCHENRY. The use of force continuum, is that dictated by the Department of State?

Mr. PRINCE. Yes.

Mr. MCHENRY. You use their rules of engagement, the commonly used term?

Mr. PRINCE. Yes, sir.

Mr. MCHENRY. That is similar to the Department of Defense rules of engagement.

Mr. PRINCE. Yes, they are essentially the same.

Mr. MCHENRY. OK. So you had 1,800.

Mr. PRINCE. Sorry, Department of Defense rules for contractors. We do not have the same as a U.S. soldier at all.

Mr. MCHENRY. OK. In the report that I have, in 2006, you had 6,254 missions and 38 incidents.

Mr. PRINCE. Yes, sir.

Mr. MCHENRY. Which means one of the contractors, one of the former soldiers, who is now in State Department Protective Service, they returned fire. So that would be less than 1 percent of missions involved returning fire.

The question here, how long has Blackwater been involved in Iraq? How long have you had this contract in Iraq?

Mr. PRINCE. We started there first working for DOD under the CPA, and then I believe in 2005 it transitioned from CPA over to Department of State.

Mr. MCHENRY. How many individuals under your protective service have been injured or killed?

Mr. PRINCE. Twenty-seven dead and hundreds wounded.

Mr. MCHENRY. How many individuals?

Mr. PRINCE. Oh, under our care?

Mr. MCHENRY. Under your care that you are protecting.

Mr. PRINCE. Zero.

Mr. MCHENRY. Zero?

Mr. PRINCE. Zero, sir.

Mr. MCHENRY. Zero individuals that Blackwater has protected have been killed in a Blackwater transport.

Mr. PRINCE. That is correct.

Mr. MCHENRY. Zero?

Mr. PRINCE. Zero.

Mr. MCHENRY. That is, I think, the operable number here. Your client is the State Department. The State Department has a contract with you to provide protective service for their visitors, for instance, CODELs, Ambassadors and runs the gamut, and you have had zero individuals under your care and protection killed.

Mr. PRINCE. Correct.

Mr. MCHENRY. I think that is a very important number that we need to discuss here, Mr. Chairman, and that should be a testament to the service that these former veterans, these veterans that are currently working for Blackwater.

Chairman WAXMAN. The 5 minutes that was yielded to you is over.

Mr. MCHENRY. I am happy to yield back to the ranking member.

Mr. DAVIS OF VIRGINIA. Mr. Prince, let me just continue with that. Are there any other security firms in Iraq that provide the services that involve as much danger as your escort services that your company provides in Baghdad?

Mr. PRINCE. Sir, we certainly have a high profile mission. We protect the U.S. Ambassador. We protect all the diplomats in the greater Baghdad area which is the hottest part of the country by far.

Mr. DAVIS OF VIRGINIA. How is your firm paid under the current task order contract for security details? Is it by the mission, by the hour or some other method?

How do you bill the Government?

Mr. PRINCE. It is generally billed on a per man day for every day that the operator is in the country.

Mr. DAVIS OF VIRGINIA. Is it a cost plus fee or is it just like a time and materials?

Mr. PRINCE. It is blended. Most of it is firm fixed price. There are a few things that are directly cost reimbursable like insurance.

Mr. DAVIS OF VIRGINIA. Does the contract provide for monetary penalties for any performance difficulties like shooting incidents that were reported to have occurred and the like?

Mr. PRINCE. Yes, there are sorts of penalty clauses, if we don't have it fully manned, if they are not happy with the leadership. We are very responsive. If there is someone that doesn't agree or is not operating within the standards of the Department of State, they have two decisions, window or aisle.

Mr. DAVIS OF VIRGINIA. Do you work just for the Department of State or do you work for the Defense Department as well?

Mr. PRINCE. In Iraq, we essentially work for the Department of State. There are one or two folks here or there in a consultant type position but nothing, nothing significant, nothing armed.

Mr. DAVIS OF VIRGINIA. It is important for the committee to understand there are two different contracting entities that are contracting in Iraq, and you work for State.

Do you think the contract provisions and the State Department contract management personnel provide sufficient guidance for the use of force under the contract?

Mr. PRINCE. Yes, sir. We have seen the full gamut of contracting and contract management in the stabilization section or stabilization phase of the Iraq War, and there is a whole host of differences in oversight.

I will tell you the State Department is the highest. They are the GE-like buyers, the most sophisticated oversight standards that we have to comply with on the front end for our personnel and management in the field.

Mr. DAVIS OF VIRGINIA. When your teams are operating on the ground in Baghdad, what entity has the authority to control your activities? Is it the State Department or is it the military commander who is responsible for the battle space?

Mr. PRINCE. We work for the RSO, the regional security officer. He is the chief security official for the State Department in Iraq.

Mr. DAVIS OF VIRGINIA. So it is the State Department ultimately for whom you are contracting.

Mr. PRINCE. Yes.

Mr. DAVIS OF VIRGINIA. Can you describe the process that is followed under the contract when a shooting incident occurs?

Have you dismissed any employees for shooting incidents under your security contracts in Iraq and what happens to dismissed employees? Are they sent out of Iraq?

Mr. PRINCE. OK, let me answer the last one first.

If there is any sort of discipline problem, whether it is bad attitude, a dirty weapon, riding someone's bike that is not his, we fire them. We hold ourselves internally accountable, very high. We fire them. We can fine them, but we can't do anything else.

So if there is any incidents where we believe wrongdoing is done, we present that incident, any incident, any time a weapon is discharged, there is an incident report given to the RSO.

Mr. DAVIS OF VIRGINIA. Any idea how many employees you have fired over the time?

Mr. PRINCE. I think in the committee's report, they said 122 or something over.

Mr. DAVIS OF VIRGINIA. So you have taken action when it has come to your attention.

Mr. PRINCE. Say again, sir.

Mr. DAVIS OF VIRGINIA. So you have taken action when it has come to your attention.

Mr. PRINCE. It generally comes to our attention first. We as a company, we fire them. We send the termination notice to the State Department as to why we fired someone.

Mr. DAVIS OF VIRGINIA. Thank you.

Chairman WAXMAN. The gentleman's time has expired.

Mrs. Maloney for 5 minutes.

Mrs. MALONEY. Thank you, Mr. Chairman.

I would like to ask you, Mr. Prince, about one of these employees whom you fired, and this was an employee who got drunk on

Christmas Eve of 2006. According to documents that we got yesterday from the State Department, this particular man, while he was drunk, shot and killed the guard to the Iraqi Vice President, obviously causing great tensions between the Iraqi government and the U.S. military.

I would like to ask you about his firing. You fired this individual for handling a weapon and for being intoxicated, is that right?

Mr. PRINCE. The men operate with a clear policy. If there is to be any alcohol consumed, it is 8 hours between any time of consumption of alcohol.

Mrs. MALONEY. Was he fired or not?

Mr. PRINCE. Excuse me?

Mrs. MALONEY. Was he fired?

Mr. PRINCE. Oh, yes, ma'am, he was fired.

Mrs. MALONEY. Have any charges been brought against him in the Iraqi justice system?

Mr. PRINCE. I don't believe in the Iraqi justice system. I do believe. I know we referred it over to the——

Mrs. MALONEY. Justice Department, they told us they are still looking at it 9 months later.

Have any charges been brought against him in the U.S. military justice system?

Mr. PRINCE. I don't know.

Mrs. MALONEY. Have any charges been brought against him in the U.S. civilian justice system?

Mr. PRINCE. Well, that would be handled by the Justice Department, ma'am. That is for them to answer, not me.

Mrs. MALONEY. Other than firing him, has there been any sanction against him about any Government authority?

You mentioned you fined people for bad behavior. Was he fined for killing the Iraqi guard?

Mr. PRINCE. Yes, he was.

Mrs. MALONEY. How much was he fined?

Mr. PRINCE. Multiple thousands of dollars, I don't know the exact number. I will have to get you that answer.

Mrs. MALONEY. OK.

Mr. PRINCE. Look, I am not going to make any apologies for what he did. He clearly violated our policies.

Mrs. MALONEY. OK. All right. Every American believes he violated policies. If he lived in America, he would have been arrested, and he would be facing criminal charges. If he was a member of our military, he would be under a court martial. But it appears to me that Blackwater has special rules. That is one of the reasons of this hearing.

Now, within 36 hours of the shooting, he was flown out of Iraq. Did Blackwater arrange for this contractor to leave Iraq less than 2 hours after the shooting?

Mr. PRINCE. I do not believe we arranged for him to leave after 2 hours after the shooting. He was arrested.

Mrs. MALONEY. OK, what about 2 days? It was 2 days after the shooting.

Did Blackwater arrange for him to leave the country?

Mr. PRINCE. That could easily be.

Mrs. MALONEY. OK.

Mr. PRINCE. IZ Police arrested him. There was evidence gathered. There was information turned over to the Justice Department office in Baghdad. We fired him. He certainly didn't have a job with us.

Mrs. MALONEY. Well, in America, if you committed a crime, you don't pack them up and ship them out of the country in 2 days.

If you are really concerned about accountability, which you testified in your testimony, you would have gone in and done a thorough investigation. Because this shooting took place within the Green Zone, this was a controllable situation. You could have gone in and done forensics and all the things that they do, but the response was to pack him and have him leave the country within 2 days.

I would like to ask you, how do you justify sending him away from Iraq when any investigation would have only just begun?

Mr. PRINCE. Again, he was fired. The Justice Department was investigating. In Baghdad, there is a Justice Department office there.

He didn't have a job with us anymore. We as a private company cannot detain him. We can fire, we can fine, but we can't do anything else. The State Department——

Mrs. MALONEY. What evidence do you have that the Justice Department was investigating him at that time?

Mr. PRINCE. From talking to my program management people in the country, they said it is in the hands of the IZ Police, which is Air Force, arrested him. They took him in for questioning. It was handled by the Justice Department.

He was fired by us. The State Department ordered.

Mrs. MALONEY. Well, it has been 10 months, and the Justice Department has not done anything to him. Again, I repeat, if he was a U.S. citizen or in America, he would have been arrested immediately. He would have faced criminal charges.

We know about the chain of command in the military. They are court-martialed immediately.

But if you work for Blackwater, you get packed up and you leave within 2 days and you face a $1,000 fine.

So I am concerned about accountability and really the unfairness of this, and I am concerned about how Blackwater—if I could just say, Mr. Chairman—your actions may be undermining our mission in Iraq and really hurting the relationship and trust between the Iraqi people and the American military.

Chairman WAXMAN. The gentlelady's time has expired.

Mr. Burton.

Mr. BURTON. Can you tell us, Mr. Prince, how many people witnessed the incident she just referred to?

Mr. PRINCE. I don't believe anyone did, sir.

Mr. BURTON. So the only people who were involved was the man who was shot and your employee?

Mr. PRINCE. Yes, sir.

Mr. BURTON. Can you, in some detail, go into the rules of engagement?

I have talked to some of the people at State Department about this, and I have talked to people within your organization. As I understand it, on the back of every one of your vehicles, in both Ara-

bic and English, there is a warning to not get 100 meters of that vehicle, is that correct?

Mr. PRINCE. Yes, that is right, sir.

Mr. BURTON. If somebody is coming at your vehicle at a high rate of speed, do your employees have any actions that they should take especially if it might be a car bomb or something like that?

Mr. PRINCE. Yes, sir. There are generally lights and sirens on the vehicles, air horn. The personnel, whose security sector is facing back toward that oncoming threat, will be giving hand signals, audible yelling, stop, qif, Arabic for stop.

There is a pin flare, which is a signaling device kind of like a bottle rocket. It is the device used for a pilot to signal his whereabouts on the ground to be rescued, but it is a bright incendiary device that flies by the vehicle or it hits the vehicle. It is not lethal at all, but definitely you know something is happening.

Water bottles are sometimes thrown at vehicles to warn them off.

If you have to go beyond that, they take shots into the radiator. You hear that hitting the car. It disables the car. Definitely, you know something is happening.

If they go beyond that, they spider the windshield. You put a round through the center of the windshield away from the occupants so that the safety glass in the windshield makes it difficult to see through.

Only after that do they actually direct any shots toward the driver. So there is a whole use of force continuum.

Mr. BURTON. The questions that I have heard today from the other side indicate that there ought to be perfection in your organization. Now you are a Navy SEAL, and you served in the military. Do you believe that any kind of military operation of this type or any type can be absolutely perfect all the time?

Mr. PRINCE. I am afraid not, sir. We strive for perfection. We try to drive toward the highest standards, but the fog of war and accidents and the bad guys just have to get lucky once.

Mr. BURTON. I think it is very important that everybody who is involved in this hearing today understand that you have high public officials, Congressman and others, whom you have to protect, and you have indicated that nobody has been killed or hurt under your protection. Yet, you are going through all kinds of zones where there are car bombs going off, small arms fire, cars coming at you at high rates of speed.

Can you explain to me why in the world there wouldn't be some precautions taken when those sorts of things take place?

Mr. PRINCE. Again, the bad guys have figured out killing Americans is big media, I think. They are trying to drive us out. They try to drive to the heart of American resolve and will to stay there.

So we have to provide that protective screen. We only play defense, and our job is to get those reconstruction officials, those people that are trying to weave the fabric of Iraq back together, to get them away from that X, the place where the bad guys, the terrorists, have decided to kill them that day.

Mr. BURTON. One of the Members on the other side indicated that when there is a firefight or when there is a car bomb going off or something, there is an attack on your convoy, that you don't stay there.

Can you explain to me what would happen if you stayed there when you were under attack?

Mr. PRINCE. Again, there would be a lot more firefight. There would be a lot more shooting.

Our job is to get them off the X. The X is what we refer to in our business about the preplanned ambush site where bad guys have planned to kill you. So our job is to get them away from that X, to get them to a safe place. So we can't stay and secure the terrorist crime scene investigation.

Mr. BURTON. You are in a war zone.

Mr. PRINCE. Yes, sir.

Mr. BURTON. So, the instructions, I want to get this straight. If your people come under fire or there is a car bomb or RPG fired at them, they are supposed to turn around under some rules and get out of there to protect the people that they are guarding.

Mr. PRINCE. Yes, sir, defensive fire, sufficient force to extricate ourselves from that dangerous situation. We are not there to achieve firepower dominance or to drive the insurgents back. We are there to get our package away from danger.

Mr. BURTON. Thank you.

Chairman WAXMAN. The gentleman's time has expired.

The Chair now recognizes Mr. Cummings for 5 minutes.

Mr. CUMMINGS. Mr. Prince, you are a very impressive witness. I just want to ask you a few questions that cause me some concern that seems to go counter to some of the things that you have said.

I am wondering whether Blackwater is actually helping our military or hurting them. Frankly, I am concerned that the ordinary Iraqi may not be able to distinguish military actions from contractor actions. They view them all as American actions.

Now I want to go back to this incident that we have been talking about for the last few minutes, the 2006 Christmas Eve incident where the drunken Blackwater official shot and killed a guard of the Iraqi Vice President, which is basically like killing a Secret Service person guarding our Vice President.

When this incident first happened, an Arab television station ran an incorrect story, saying that a "drunken U.S. soldier" killed the Iraqi Vice President's guard.

Were you aware of this incorrect press report?

Mr. PRINCE. No, sir, I was not.

Mr. CUMMINGS. Of course, you can see how a media report like that makes it more likely that Iraqis will blame the U.S. military rather than Blackwater for the killing of the Iraqi Vice President's guard. Again, what if it were our Vice President?

Did Blackwater take any steps to inform the press that it was actually a Blackwater employee who killed the Vice President's guard?

Mr. PRINCE. By contract, we are not allowed to engage with the press.

Mr. CUMMINGS. All right, and why is that?

Mr. PRINCE. That is part of the stipulations in the WPPS contract.

Mr. CUMMINGS. After this report aired, an official who works for you—and this is what really concerns me and I just want to know your reaction to this—at Blackwater sent an email.

This is an employee of yours sent an email internally to some of his colleagues. He did not suggest contacting the station, I guess, for the reason you just said. He didn't suggest putting out a press release, and he didn't suggest correcting the false story in any way.

Instead, this is what the email said: "At least the ID of the shooter will take the heat off of us," meaning Blackwater.

In other words, he was saying: Wow, everyone thinks it was the military and not Blackwater. What great news for us. What a silver lining.

Mr. Prince, you said in your testimony that Blackwater is extremely proud of answering the call and supporting our country. Did anyone in your organization ever raise any concerns that a lying, a false story to continue might lead to retaliation or insurgent activity against our troops?

Mr. PRINCE. I don't believe that false story lasted in the media for more than a few hours, sir.

Mr. CUMMINGS. But the fact still remains that it was a false story, and we are trying to be supportive of the Iraqi government, trying to get this reconciliation, trying to make sure that they, as President Bush says, that they stand up so that we can stand down.

But, at the same time, when these stories are put out—I think you would agree—that the Iraqi people then say, well, wait a minute, the United States is supposed to be supporting our Government.

President Bush talks about how we have gone over to export democracy. Here is the very symbol. The Vice President of a country, killed by a drunken Blackwater employee.

The question is then what lies in the mind of the Iraqi? What lies in the minds of those people who may have wanted to cooperate with our security over there?

Then they say, well, wait a minute, if they, U.S. soldiers, but really Blackwater is doing this to the very Government that we are supposed to be supporting. Then what does that say and why should we support the United States? Fair question?

Mr. PRINCE. Yes, sir. Look, I am not going to make any apologies for the——

Mr. CUMMINGS. I am not asking you to make any apologies. You are the president of this company, is that right?

Mr. PRINCE. The CEO.

Mr. CUMMINGS. CEO, well, you are the top guy. You are one of the top guys, is that right?

Mr. PRINCE. Pretty much, yes, sir.

Mr. CUMMINGS. All right. So I am just asking you a question about what your policies are. That is all.

Mr. PRINCE. We have clear policies. Whether the guy was involved in a shooting that night or not, the fact that he violated the alcohol policy with firearms would have gotten him fired on the spot. That is why we fire people. We hold them independently accountable.

The guy slipped away from the party. He was by himself. I am confident that if he had been with another guy from Blackwater, the other guy would have stopped him and said, enough. You know.

Mr. CUMMINGS. So contrary to what Mr. Burton said, this was after hours in the Green Zone, wasn't it? This wasn't some mission, was it?

Mr. PRINCE. Correct.

Mr. CUMMINGS. Right.

Mr. PRINCE. He was on his own time. It was a Christmas Eve party.

Mr. CUMMINGS. Do you understand what I mean? I have heard not a lot of complimentary things about what you all are doing. I am sure you are doing a great job, but it is not about what you do well. It is a question of when things go wrong, where is the accountability?

Mr. PRINCE. And, sir, we fired him. We fined him. But we, as a private organization, can't do any more. We can't flog him. We can't incarcerate him. That is up to the Justice Department. We are not empowered to enforce U.S. law.

Mr. CUMMINGS. Do you think more should be done?

Mr. PRINCE. I would be happy to see further investigation and prosecution by the Justice Department, yes, sir.

Mr. CUMMINGS. Thank you.

Chairman WAXMAN. I am going to call Mr. Mica next.

How much did you fine him?

Mr. PRINCE. Multiple thousands of dollars, sir. I don't know the exact number, but whatever we had left due him in pay, I believe we withheld and plus his plane ticket.

Chairman WAXMAN. Thank you.

Mr. Mica.

Mr. MICA. Thank you.

Mr. Prince, in your testimony earlier, you said, "Killing Americans, I guess, in Iraq is big media."

You said that?

Mr. PRINCE. Yes, sir.

Mr. MICA. Did you have any idea that wounding American contractors in a congressional hearing would be this big media?

Mr. PRINCE. More than I bargained for, sir, yes.

Mr. MICA. I described you are here because you are sort of in the chain of command to be attacked next by some folks who want to discredit what you are doing. I might say that I don't know if there were criminal acts committed, and there will probably be ways in which we can go after folks. One of those would be to have the Department of Justice pursue the case. Would that be the normal procedure?

Mr. PRINCE. Yes, sir. We welcome it. We encourage it. We want that accountability. We hold ourselves internally accountable, but you know we put 1,000 guys out in the field. Humans make mistakes and they do stupid things sometimes. We try to catch those as much as we can, but if they go over the line.

Mr. MICA. Well, they criticized you. I guess we could start with the pilots and the NTSB investigation. They should go back and look at the Comair crash in Kentucky with the accounts of the pilots which was a distraction and led to the crash according to their findings. I have chaired the Aviation Subcommittee and followed that very closely.

Basically, as Al Gore would put it, there is no controlling authority for airspace in Afghanistan.

Mr. PRINCE. There is no FAA in Afghanistan.

Mr. MICA. Then you were criticized, too. You left the pilot. I guess he survived but was not found. Is that it?

Mr. PRINCE. No. There were two of the DOD personnel in back survived the crash.

Mr. MICA. Survived, OK. Well, two survived and weren't found, and I guess they perished.

Mr. PRINCE. They perished before they were found.

Mr. MICA. I guess in the United States, like we have an experienced pilot like Fossett. He is lost. Have we found him yet?

Mr. PRINCE. No, sir.

Mr. MICA. OK, but this is in the terrain.

Mr. PRINCE. Terrain very similar to what is in Nevada.

Mr. MICA. I just want to try to put things in perspective.

There is also some argument that you cost the Government too much and that you are getting paid too much and maybe this is something that the military should be doing. Could you respond to that?

Mr. PRINCE. Yes, sir. I think there are three arguments for or against privatization. There is reliability, there is accountability, and there is cost.

Accountability issues can be handled by exercising MEJA. Congress expanded MEJA at the end of 2004 to any DOD contingency operation, I believe. So any time a U.S. contractor is abroad, they can be brought up on charges on behalf of the U.S. Government. They can be brought up on charges back here in the States.

There is reliability. That comes down to, I think, individual vendor reliability. How well does that company execute? Are they complete, correct and on time?

And then there is cost. The American automotive industry, any manufacturer in America has to deal with that cost issue all the time, whether they should make something. It is that make versus buy argument.

I greatly encourage Congress to do some true activity-based cost studies. What do some of these basic Government functions really cost? Because I don't believe it is as simple as saying, well, this sergeant costs us this much because that sergeant doesn't show up there naked and untrained. There are a whole bunch of other costs that go into it.

So, figure out if the Army does the job, how many of those people leave the wire every day? What is their tooth to tail ratio? How many people are operators versus how many people are support people? That all drives into what your total cost is.

Now American industry got pushed by the Japanese car makers and you know by foreign competitors because you have to focus on cost and being efficient in delivering a good or a product or a service at a better competitive price.

Mr. MICA. Finally, you were criticized for not detaining someone who committed a criminal act. Now if an employee commits a criminal act in the United States, and you fire him, are you responsible in the United States for detaining him and handling?

Mr. PRINCE. Well, that would be a crime that we committed then because we are not allowed to detain.

Mr. MICA. You are not allowed to detain?

Mr. PRINCE. No, sir.

Mr. MICA. OK. So, in that situation, you were criticized for providing someone transport back. Was it to the United States?

Mr. PRINCE. It was.

Mr. MICA. Or wherever.

Mr. PRINCE. We acquired an airline ticket for him back to the States. That is all by direction of the State Department.

Chairman WAXMAN. The gentleman's time has expired.

Now the Chair recognizes Mr. Kucinich.

Mr. KUCINICH. Thank you very much, Mr. Chairman.

In my opening remarks, I pointed out that if war is privatized, private contractors have a vested interest in keeping the war going. The longer the war goes on, the more money they make.

I want to, for my time here, explore the questions regarding how Blackwater got its contracts.

Mr. Prince, your company has undergone a staggering growth just over the past few years. The committee's attention can be directed to the chart. In 2000, your company was bringing in only about $200,000 in Government contracts but since then, according to the committee, you have skyrocketed to something in the nature of $1 billion in Government contracts.

The real increase in Blackwater's contracts began with the Iraq War. In fact, if you look at the chart, you can see how from 2004 on, the amount of taxpayer dollars Blackwater was awarded by the administration began to go through the roof from about $48 million in 2004 to $350 million in 2005 to over $500 million last year.

This is really an unprecedented rate of increase, and I want to understand how this happened, Mr. Prince.

We have been informed that one of your first contracts in Iraq was for the Coalition Provisional Authority. Ambassador Paul Bremer awarded you a contract to protect officials and dignitaries. That was at the end of 2003, toward the end of 2003. It may have been in August. Is that right, sir?

Mr. PRINCE. I believe it happened right after the U.N. facility in Baghdad was blown up by a large truck bomb. Yes, sir, they then feared for the U.S. officials.

Mr. KUCINICH. Now that contract was no-bid, is that right, sir?

Mr. PRINCE. It was off the GSA schedule.

Mr. KUCINICH. Can you tell us how you got this no-bid contract?

Mr. PRINCE. Off the GSA schedule is considered a bid contract, sir. The GSA schedule is a pre-bid program kind of like catalogue of services that you put out, like buying something from the Sears catalog.

Mr. KUCINICH. Did you talk to anyone in the White House about the contract?

Mr. PRINCE. No, sir.

Mr. KUCINICH. Did you talk to anyone in the Congress about the contract?

Mr. PRINCE. No, sir.

Mr. KUCINICH. Did anyone, to your knowledge, connected with Blackwater talk to anyone in either the White House or the Congress about the contract?

Mr. PRINCE. Not to my knowledge, no.

Mr. KUCINICH. Did anyone in the DeVos Family talk to anyone in the White House or the Congress about the contract?

Mr. PRINCE. No.

Mr. KUCINICH. As a taxpayer, do you think it is proper that no other companies were allowed to bid?

Mr. PRINCE. That, I am not aware of, sir. It is a requirement, Government officials had. They came to us, asked if it could be fulfilled. I don't know what other companies they went to as well. I am not aware of that.

Mr. KUCINICH. In 2004, the State Department awarded Blackwater a $332 million task order under its diplomatic protection contract. Are you familiar with that?

Mr. PRINCE. I am familiar about the amount. I know that we transitioned over to working for the State Department from the CPA. I am not sure exactly when that happened.

Mr. KUCINICH. Thank you, sir.

According to the Federal Contracting Data base, you didn't have to compete for that one either, is that correct?

Mr. PRINCE. Again, I believe they continued that off the GSA schedule which is an approved contracting pre-bid method.

Mr. KUCINICH. Who at the State Department were you dealing with in order to get this contract?

Mr. PRINCE. I don't know. I presume it was under the diplomat.

Mr. KUCINICH. Excuse me?

Mr. PRINCE. It was under the Diplomatic Security Service. That is the folks at State we were working for.

Mr. KUCINICH. Now SIGIR reported that this was a no-bid contract. Was SIGIR incorrect? It was a no-bid contract or not?

Mr. PRINCE. I am not sure how they are defining bid or no-bid. In my understanding, they used, we used pricing off the GSA schedule, and I believe that is considered, regarded as a biddable contract.

Chairman WAXMAN. Will the gentleman yield to me?

Mr. KUCINICH. I yield to the Chair.

Chairman WAXMAN. It is on the GSA schedule. Did they come to you to put your offer of services on the GSA schedule? Did you go to them? How did that get on the GSA schedule?

Mr. PRINCE. Oh, most companies in our kind of work have a GSA schedule. We have a GSA schedule for target systems. We have a GSA schedule for——

Chairman WAXMAN. So you offered services and you are on the list of services that they can purchase?

Mr. PRINCE. Yes, sir.

Chairman WAXMAN. You don't know if anybody was on the list for these kinds of services?

Mr. PRINCE. Oh, I am sure there are lots of companies that are.

Chairman WAXMAN. For some of the services.

Did you go to anyone else or did anyone else from the Government go to you to ask you to do the work?

Mr. PRINCE. I don't know, sir.

Chairman WAXMAN. Did they ask you to see if you could put together this operation and then they put you on the schedule?

Mr. PRINCE. I would say we were present in the country already. We already had significant presence with the CPA under a bid contract. I believe that contract was called Security Services Iraq. So we had a large presence of static guards and PSD kind of work for them.

So I think they probably just wanted to transition from DOD work to Department of State work.

Chairman WAXMAN. Thank you.

Mr. Shays.

Mr. SHAYS. Thank you, Mr. Chairman.

Mr. Chairman, I didn't make an opening statement. I was chairman of the National Security Subcommittee and ranking member, and so I have a keen interest in this issue, but other Members had important statements to make. So, first, I would like to make an observation.

I want to align myself with the statement of Tom Davis, my ranking member now. I thought it adequately and perfectly expresses my view.

I want to thank both the chairman and Mr. Davis for honoring U.S. Department of Justice's request not to discuss an incident we don't have enough facts to discuss, and we will deal with that later. I think that is responsible.

I think this hearing, the way we are dealing with it, is a very important effort, given what we are doing.

Now, saying that, during the Vietnam War, I was a conscientious objector. I was a Peace Corps volunteer, so I try to be very careful when I evaluate the performance of men and women under fire. Frankly, many of those behind you at this desk are exactly that. We are behind a desk, never been shot at, never tried to understand what it is like to be under fire.

Blackwater, I want to say, has a reputation of being a bit of a cowboy, but I know we absolutely need protective security contractors. The role of security contractors is much different than the role of the military.

But I also want to say that I feel that the State Department could do a better job of enforcing and holding contractors accountable, and I think they are going to make a point that they are willing to have this reviewed by an outside party and then have us look at it.

Now, saying that, I also want to say the number of times that you all have to protect Members of Congress is infinitesimal compared to all the civilians you have to protect.

One of the outrages, in my judgment, is that there haven't been more Members who have gone there and, frankly, that some Members who have never been there are passing judgment on what we are doing there. They are behind a desk with no sense of what is happening there.

I am in awe of what your men and women and they have been mostly men, have done to protect our civilians. I am absolutely in awe of it. You know you can't be perfect, but in one way you have been perfect if this is true.

Tell me, from June 2004 to the end of that year, how many missions you protected or let me say it this way, if you don't know how many missions you protected, how many people you protected were wounded or killed in 2004?

Mr. PRINCE. No, sir, we have never had anyone seriously injured.

Mr. SHAYS. I am going to do year by year. Did you have anyone wounded or killed in 2004?

Mr. PRINCE. No, sir.

Mr. SHAYS. Did you have anybody wounded or killed in 2005?

Mr. PRINCE. No, sir.

Mr. SHAYS. These are the people you are trying to protect.

Mr. PRINCE. I mean wounded, yeah. A big IED ruptured an eardrum. That is the most serious level there.

Mr. SHAYS. Did you have anyone wounded or killed in 2006?

Mr. PRINCE. People that we were protecting?

Mr. SHAYS. Yes.

Mr. PRINCE. No.

Mr. SHAYS. Did you have anyone who was wounded or killed in 2007 that you were to protect?

Mr. PRINCE. No, sir.

Mr. SHAYS. That is a perfect record, and you don't get any credit for it for some reason.

Now, were any of your people killed in 2004, trying to protect the civilians?

Mr. PRINCE. Yes, sir.

Mr. SHAYS. Were any of your people killed in 2005, trying to protect civilians?

Mr. PRINCE. Yes, sir.

Mr. SHAYS. Were any of your people killed in 2006, trying to protect civilians?

Mr. PRINCE. Yes, sir.

Mr. SHAYS. Were any of your people killed by trying to protect the civilians in 2007?

Mr. PRINCE. Yes, sir.

Mr. SHAYS. Every year, you have had men who have risked their lives and who have been killed, fulfilling their mission, and they have succeeded 100 percent, and I just want to be on record as thanking you for an amazing job that you do.

I have been to Iraq 18 times. I have been outside the umbrella four times. It is one dangerous place. I have seen films where vehicles come up to our troops or to our security people, and they are blown up in it.

You have done an amazing task, and there is a huge difference from being a police officer or protective and being the military, a totally different role.

I have had no one in the military say to me, I want to guard all these civilians. The last thing you want is to have humvees and Army take civilians who are meeting other civilians like our State Department with that kind of precedent, and the military would not do it. They are not going to be in a Suburban. They are going to be in what their protocol requires.

The protocol is totally different. We need security people who do their job.

Thank you for doing a perfect job in protecting the people you are required to protect.

I yield back.

Mr. PRINCE. Thank you, sir. It is an honor to do the work.

Chairman WAXMAN. The gentleman's time has expired.

Before I recognize Mr. Davis, I want to put in the record, a statement from the Special Inspector General in Iraq from July 2004, that indicates that the security guards and two helicopters for Bremer, sole source directed; the security for inner ring Republican Presidential compound, Al Rashid Hotel, sole source; the security for Al-Rashid Hotel, sole source to Blackwater.

Mr. SHAYS. I reserve my right to object. Would the gentleman say was that under Bremer or after Bremer?

Chairman WAXMAN. This is in 2004. It would have been Bremer.

Mr. SHAYS. So it was under Bremer, not since we transferred power to the Iraqis.

Chairman WAXMAN. I don't know the answer to that. This document only refers to the period of time.

Mr. SHAYS. Under Mr. Bremer. I don't object.

[The information referred to follows:]

Contract No	Date of Award	Scope of Work	Contractor	Total Value (incl. Options) Per Review	Total Obligated Amount Per Review	Type and Kind of Contract	Type of Funds	Competition Type	How Offers were Identified and Solicited	List of Potential Contractors Issued Solicitations	Copy of J&A Documents for Other than Full & Open Competition
DASW01-03-F-0533	11-Mar-03	Iraqi Free Media Program International Public Information Program and Product Development	SAIC	$ 82,350,556.66	$ 82,350,556.66	T & M	O&M, DW	Sole Source	Solicitation	SAIC	Yes
DASW01-98-D-0070-0141	5-Feb-04	Support for issuance of military ID cards	Resource Consultants, Inc.	$ 11,183,735.88	$ 8,577,094.12	CPFF	OMA, CPA O&M	Competitive	Solicitation to IDIQ holders	N/A	N/A
W74V8H-04-C-0017	8-Jan-04	Iraqi Multimedia Network (replaces SAIC)	Harris Corporation	$ 165,424,280.00	$ 48,000,000.00	CPAF	CPA O&M	Competitive	Web Posting	N/A	N/A
Defense Contract Management Agency											
DABJ01-03-F-0891	28-Aug-03	Security guards and two helicopters for Bremer	Blackwater Security Consulting LLC	$ 27,677,737.80	$ 27,744,423.00	FFP	OMA	Sole Source (Directed)	Solicitation	Blackwater Security Consulting LLC	Yes
SKW01A-03-C-0001	29-Mar-03	Security for Inner ring, Republican Presidential Compound, Al Rasheed Hotel	Global Risk Strategies, Ltd.	$ 27,311,252.41	$ 21,608,891.00	FFP & Cost CLINS	OMA, CPA O&M, O&M DW	Sole Source	Solicitaiton	Global	Yes
SKW01A-03-C-0006	1-Jul-03	Security for Al Rasheed Hotel	Global Risk Strategies, Ltd.	$ 6,170,510.52	$ 6,170,511.24	FFP & Cost CLINS	OMA, CPA O&M	Sole Source	Solicitation	Global	Yes
Defense Information Systems Agency - National Capital Region											
DCA100-03-P-4397	7-Feb-03	Baghdad Police Radios	Motorola	$ 15,590,577.59	$ 15,590,577.59	FFP	Vested	Sole Source	Solicitation	Motorola	Yes
Defense Information Technology Contracting Office											
DCA200-02-D-5000 - 0024	24-Jul-03	Program management activities to include monitoring performance compliance with contractual obligations; facilitating customer service and satisfaction; performing system administration; and effectively managing daily operational activities of the program	SETA Corporation	$ 6,751,863.40	$ 6,751,863.40	T&M	DoD Working Capital Fund	Competitive	Solicitation to IDIQ holders	N/A	N/A
DCA200-02-D-5001 - 0020	24-Jul-03	Project Management support to the Telecommunications Project Office at both the Washington DC location and in Baghdad, Iraq	SAIC	$ 49,923,261.49	$ 49,923,261.49	T&M	DoD Working Capital Fund	Competitive	Solicitation to IDIQ holders	N/A	N/A
Navy Facilities Engineering Command											
W914NS-04-D-0007	11-Mar-04	Restore, rebuild, and develop national water resources projects to support the Iraq CPA mission.	Washington International/Black & Veatch	$ 600,000,000.00	$ 44,739,822.00	Cost + Award Fee TO	IRFF	Competitive	Web Posting	N/A	N/A
W914NS-04-D-0008	23-Mar-04	Northern Region: Restore, rebuild, and develop national water, wastewater,and solid waste projects to support the Iraq CPA mission.	Fluor/Amec, LLC	$ 600,000,000.00	$ 1,475,531.00	Cost + Award Fee TO	IRFF	Competitive	Web Posting	N/A	N/A

Mr. RYAN. Mr. Chairman, may I have minute, please? May I have a minute, please? One minute, please?

Chairman WAXMAN. Yes.

Mr. PRINCE. Thank you, sir.

Chairman WAXMAN. Thank you.

Mr. Davis.

Mr. DAVIS OF ILLINOIS. Thank you, Mr. Chairman.

Mr. Prince, throughout your testimony and in other comments attributed to you, you have praised the Blackwater personnel on the ground in Iraq, but mistakes do, in fact, happen. You do admit that Blackwater personnel have shot and killed innocent civilians, don't you?

Mr. PRINCE. No, sir. I disagree with that.

I think there have been times when guys are using defensive force to protect themselves, to protect the package they are trying to get away from danger. There could be ricochets. There are traffic accidents. Yes. This is war.

You know since 2005, we have conducted in excess of 16,000 missions in Iraq and 195 incidences with weapons discharged. In that time, did a ricochet hurt or kill an innocent person? That is entirely possible.

Again, we do not have the luxury of staying behind to do that terrorist crime scene investigation to figure out what happened.

Mr. DAVIS OF ILLINOIS. Well, according to a document we obtained from the State Department on June 25, 2005, Blackwater guards shot and killed an innocent man who was standing by the side of the street. His death left six children alone with no one to provide them support.

Are you familiar with this incident?

Mr. PRINCE. I am somewhat familiar with that incident.

I believe what happened, it was a car bomb or a potential car bomb had rapidly approached our convoy. I believe our guys shot rounds at the car, not at the driver, to warn them off. One of those rounds, as I understand, penetrated through the far side of the car, ricocheted and injured that innocent or killed that innocent man.

Mr. DAVIS OF ILLINOIS. Well, again, according to the State Department document, this was a case, "involving the PSD personnel who failed to report the shooting, covered it up and subsequently were removed from Al-Hillah."

The State Department described the death as "the random death of an innocent Iraqi."

Do you know why Blackwater officials failed to report this shooting and later tried to cover it up?

Mr. PRINCE. I can clarify that fully, sir. Thanks for asking that question.

There was no cover-up because our people reported it to the State Department. They did look into the shooting and the justification of it, and it was deemed to be an appropriate use of force. The man was fired because he had tried to cover it up. He panicked and had asked the other team members to cover it up and to not report it.

We discovered that through our, I mean our policy worked. We reported the incident to the State Department, and that is why you folks have it in the committee because we fired the guy. He was

terminated not for an inappropriate shooting but for not following the reporting procedure.

Mr. DAVIS OF ILLINOIS. Well, was there any reason this report was not provided to the committee?

Mr. PRINCE. I don't know, sir. I will have to. I will look into that and get back to you.

Mr. DAVIS OF ILLINOIS. Well, the same document states that the State Department contacted Blackwater headquarters to encourage you to offer this man's family, compensation. After this shooting of an innocent man and after the attempted cover-up, Blackwater paid $5,000 to the family.

Is that not correct?

Mr. PRINCE. I believe that was paid through the State Department. That is similar to what DOD does, what the Army does if there is an accidental death from whether it is an aerial bomb, a tank backs over somebody's car or injures someone. There is compensation paid to try to make amends, but that was done through the State Department.

That was not paid to try to hush it up or cover it up. That is part of the regular course of action. There was no cover-up because our guys reported the incident, and the company fired him for not reporting the incident.

Mr. DAVIS OF ILLINOIS. Can you tell me how it was determined that this man's life was worth $5,000?

Mr. PRINCE. We don't determine that value, sir. That is kind of an Iraqi-wide policy. We don't make that one.

Mr. DAVIS OF ILLINOIS. Do you know how many payments Blackwater has made to compensate innocent Iraqis or their families for deaths or injuries caused by Blackwater personnel?

Mr. PRINCE. I do not know that, sir.

Mr. DAVIS OF ILLINOIS. Do you know what the total value of those payments might be?

Mr. PRINCE. No, sir.

Mr. DAVIS OF ILLINOIS. Could you supply the committee with that information?

Mr. PRINCE. Yes, sir. I will make sure we get it back to you.

Mr. DAVIS OF ILLINOIS. Thank you very much.

Mr. Chairman, what I am concerned about is the lack of accountability. If one of our soldiers shoots an innocent Iraqi, he or she can face a military court martial. But when a Blackwater guard does this, the State Department helps arrange a payout to make the problem go away. This seems to be a double standard, and it is causing all kinds of problems in Iraq.

Chairman WAXMAN. The gentleman's time has expired.

Mr. Platts.

Mr. PLATTS. Thank you, Mr. Chairman. I appreciate your holding this hearing.

Mr. Prince, I appreciate your testimony and want to thank you personally for your 5 years of service to our Nation as a Navy SEAL and also, having been to Iraq five times, for the dedication of your colleagues for delegations I have been part of and certainly many others as well. We are grateful for their courageous service.

Your contract, and it has been discussed already, is under the Worldwide Personal Protective Services Contract. My understand-

ing is under that contract, there are specific terms of conduct including rules of engagement with the use of force. Is that correct?

Mr. PRINCE. Yes, sir, that is correct.

Mr. PLATTS. You testified about, as an example of the seriousness with which your company takes the conduct of your employees, of 122 individuals that have been fired for misconduct. Are you able to give us what number of those were related to violations regarding use of force rules of engagement, specifically?

Mr. PRINCE. I believe the committee report listed it. Don't quote me on it. I think it says in the committee report around 10 or 15. I am not sure. It is in the committee report.

Mr. PLATTS. You accept that information as accurate?

Mr. PRINCE. That is a weapons violation. That could mean a dirty gun or possession of some unauthorized firearm. We have very clear rules. We are only issued. The Government issues us our weapons, even down to scopes. We are specified as to which optical device we can put on the weapon. Some guys get fired because they put, they like an aimpoint instead of an ACOG.

Mr. PLATTS. Of those 10 to 15, they may not all be related to use of force, misuse of force.

Mr. PRINCE. Yes, sir, correct.

Mr. PLATTS. A number of times you were asked about in addition to firing and fining and removing the person from your employment and from Iraq, about what criminal actions you took, and you appropriately stated you are not a law enforcement entity. You are a private company.

That being said, though, is it accurate to say that where there is a criminal investigation by the Department of Justice of Department of State pursuing, that you provide any information that your company has about misconduct?

Mr. PRINCE. Yes, we fully cooperate in the Christmas Eve incident and any other ones that State Department or Justice Department wants to look at.

Mr. PLATTS. Thank you, Mr. Chairman. That is all of my questions.

Again, my thanks to Mr. Prince and his colleagues for their service.

Chairman WAXMAN. Would the gentleman yield some of his time to me?

Mr. PLATTS. Yes, Mr. Chairman.

Chairman WAXMAN. Thank you.

The point I want to ask you, Mr. Prince, is we appreciate what you have done, but it looks like a lot of people in the U.S. military don't appreciate it. One man, an Army colonel, Teddy Spain, said, "I personally was concerned about any of the civilians running around on the battlefield during my time there. My main concern is with their lack of accountability when things went wrong."

Another senior U.S. military official said, "We had guys who saw the aftermath," meaning the aftermath of your activities there. "It was very bad. This is going to hurt us badly."

Then we had Secretary of Defense Robert Gates: "These incidents may be uncommon. We don't know how common they are, but let's assume that they are uncommon. I believe that they still have disproportionate impact on the Iraqi people. We have people who are

conducting themselves in a way that makes them an asset in this war, not a liability."

You are not answerable to the U.S. military, are you?

You report to the State Department? You are under contract with State, isn't that right?

Mr. PRINCE. In Iraq, we report to the State Department, but if I could just add.

Chairman WAXMAN. So your people are under the same rules as the U.S. military.

Mr. PRINCE. We operate under defensive rules of engagement.

Mr. DAVIS OF VIRGINIA. Will the gentleman yield?

Mr. PLATTS. Actually, Mr. Chairman, if I could reclaim my time in responding.

Mr. Prince, you provided the committee a detailed list of the regulations, treaties, laws that you operate under, is that correct?

Mr. PRINCE. Yes, sir.

Mr. PLATTS. That includes items that relate to both Department of State and Department of Defense?

Mr. PRINCE. It includes laws like MEJA, the UCMJ, all of which we can be held accountable. Our people can be held accountable for while operating overseas.

Let me just ask, answer, Mr. Chairman, about whether we are adding value to the military or not.

I have to say my proudest professional moment was about a year and a half ago. I spoke at the National War College. After my speech, a colonel, a full bird colonel, came up to me afterwards. He said, I just came back from brigade command in Baghdad, and he had 4,000 or 5,000 guys working for him.

He said, as his guys were driving around the city, on the top of their dashboards of their humvees were the Blackwater call signs and the frequencies because his soldiers knew that if they got in trouble, the Blackwater guys would come for them. They would come to their aid and assist them, med evac them and help them out of a tough spot.

So if that is the reputation we have, I——

Chairman WAXMAN. The Brigadier General Karl Horst said, "These guys run loose in this country and do stupid stuff."

Mr. PLATTS. Mr. Chairman.

Chairman WAXMAN. "There is no authority over them, so you can't come down on them when they escalate force."

Mr. PLATTS. Mr. Chairman.

Chairman WAXMAN. "They shoot people, and someone else has to deal with the aftermath. It happens all over the place."

Security contractors in Iraq are under scrutiny after shootings. What do you say?

Mr. PRINCE. Sir, I can also tell you there is 170-some security companies operating through Iraq. We get painted with a very broad brush of a lot of the stuff they do.

On almost weekly basis, we get a contact from someone in DOD, some talk somewhere that says, oh, three Blackwater guys were just taken hostage here. Four guys were killed there. Oh, you were involved in a shooting over here.

When we fully investigate, we didn't have any teams of guys within 100 miles of that location, but if a private security contractor did it, it often gets attributed to us.

Chairman WAXMAN. Regardless of what private security contractor does it, it is a problem for the United States.

Mr. Platts, you were kind enough to yield me time. Without objection, I would like to give to you another 30 seconds.

Mr. PLATTS. If you could, I was going to yield to the ranking member. Thank you, Mr. Chairman.

Mr. DAVIS OF VIRGINIA. I appreciate your questions, but let me just say, Mr. Chairman, for the sake of argument, you are right. If we are paying too much and getting too little, what is the answer? More troops in Iraq? Less safe troops? Less safe diplomats or less safe Members?

I mean this is the tradeoff. This is what we are trying to explore here. They are contractors.

At the end of the day, we have to look to the Government who is contracting this out, putting down the rules of engagement, and they will be on our next panel. He is just performing his contract at this point, and I think we have questions that we can ask the State Department.

But the alternatives, none of them are attractive when you are in a war zone.

Chairman WAXMAN. The gentleman's time has expired.

Mr. Tierney.

Mr. TIERNEY. Thank you, Mr. Chairman.

Mr. RYAN. Mr. Chairman, may I have 1 minute, please? We do not need to leave. One minute, please.

Chairman WAXMAN. Yes, go ahead.

Mr. RYAN. Thank you.

Chairman WAXMAN. Without objection, I would like to ask that Mr. Davis and I, during this moment, have a minute each because I would like to say something that doesn't involve a question and you might want to respond to it.

The point I want to make, you raise that very essential question, what do we do if we don't have enough troops there?

Well, I think we have to look at the fact that this isn't a short term war. We have been there 5 years. It looks like we may be there another 10 years. Even General Shinseki said we need more troops.

At some point, you have to make a decision in this battlefield, in this war. If we don't have enough troops to do the job, then we should get more troops. But if we are going to go on the cheap to get private contractors, we are not on the cheap at all. It is costing us more money, and I believe it is costing us problems, causing us problems with the Iraqi people.

Let's let the military replan this. It seems to me we have had bad decisions from this administration too much of the time in handling this whole war, planning for it adequately and staffing it adequately with the U.S. military. They are the ones that ought to be doing this job.

Mr. Davis.

Mr. DAVIS OF VIRGINIA. Mr. Chairman, I understand, but let me just say troops that are there are not paid to protect civilians. That is not what military troops are trained for.

I went through officer basic course in Georgia at Fort Benning. I went through basic training at Fort Ord. That is not what troops are trained for when they go out into the battle zone.

This is a unique responsibility. It is through the State Department, not the Department of Defense. As we will hear from the next panel, our troops are not, at this point, being trained to do this kind of work. This is a different kind of process.

Now if we want to train them to do that, we can do that, but that hasn't been the history throughout the last 50 years of the military that I am aware of. So we then have to decide from a cost-benefit perspective.

I think this is an important conversation to have, but to date that is not the contractors' fault. I think our argument would be with the State Department.

Chairman WAXMAN. I want to yield to Mr. Tierney, but Blackwater and the private military recruit from our military. So these people are trained to the job that Blackwater and other private military people are asking them to do. So why can't the military do it?

I think they could do it if we had enough military personnel.

Mr. DAVIS OF VIRGINIA. Sir, I would like Mr. Prince to respond, but I am sure they retrain them. They don't just take raw recruits out. Could I just ask him to respond?

Mr. PRINCE. Yes, sir. There was an earlier allegation about companies like us raiding the ranks of the Special Operations community for this kind of work, and the GAO report found that, yes, they are getting out and working for companies like us, but they are not getting out at any higher rate than they ever did before.

So, they are, instead of becoming a financial analyst or an accountant or some other kind of businessmen, they come to work for companies like Blackwater, but they are not getting out at any rate higher than they ever did before.

If I could just correct two slight errors I made. We did not have any fatalities of Blackwater personnel in 2006.

One of the contracts I testified to as being under the GSA schedule was, in fact, sole source. We will get you the very detailed information as to which contracts were GSA and which were sole source. I am not qualified to answer that right now.

Chairman WAXMAN. Thank you. We will receive any documents you have.

Mr. DAVIS OF VIRGINIA. Mr. Chairman, if I could just have a minute. I think that one of the things we want to get to in this and later hearings is if the mission is going to be 4 or 5 or 6 years, do you want to change the mission of the military, but that is not the contractors' fault. Our argument there is with the Defense Department and the State Department.

Mr. PRINCE. I strongly encourage the Congress to sponsor true activity-based cost studies. What does it cost the Air Force to move a pound of cargo in a war zone? What does it cost to put a brigade in the field or train it and to equip it? All these basic functions, even what is the hourly cost of aircraft doing refueling?

Chairman WAXMAN. We are going to have you answer some more questions, I am sure, along those lines.

Mr. Tierney, it is your turn.

Mr. TIERNEY. Are you certain, Mr. Chairman?

Thank you.

Mr. Prince, thank you for being here today. We have been discussing a little bit here about the goal of this particular venture here. I think that General Petraeus has been pretty clear that he would like to change it from the type of war it has been to one where he wants to defeat insurgents, and that entails, in significant part, winning the hearts and minds.

So I want to read to you this quote: "Counterinsurgents that use excessive force to limit short term risk alienate the local populace. They deprive themselves of support or tolerance of the people. This situation is what insurgents want. It increases the threat they pose."

Do you know who made that statement?

Mr. PRINCE. Do I know who made that statement?

Mr. TIERNEY. Yes.

Mr. PRINCE. No, sir.

Mr. TIERNEY. That was General Petraeus. You know he was the one who wrote the official counterinsurgency manual.

It does appear from some of the evidence here, though, that Blackwater and other companies, sometimes at least, conduct their missions in ways that lead exactly in the opposite direction that General Petraeus wants to go, but that doesn't mean you are not fulfilling your contractual obligations.

In a recent report, there was a quote from Ann Exline Starr who is a former Coalition Provisional Authority Advisor. She talks about the fact that the private mission is different from the overall public operation. "Those, for example, doing escort duty are going to be judged by their bosses solely on whether they get their client from point A to point B, not whether they win Iraqi hearts and minds along the way."

She goes on to talk about the fact that soldiers, when they escorted her because they are able to escort people in training for that, often times also interacted with the Iraqi community and did things to ingratiate themselves to the Iraqis.

The contractors, by contrast, focused only on the contract. She said what they told her was our mission is to protect the principal at all cost. If that means pissing off the Iraqis, too bad, her language, not mine.

Another counterinsurgency expert is Army Colonel Peter Mansoor. Earlier this year, he made a statement about private military contractors, and he said, "If they push traffic off the roads or if they shoot up a car that looks suspicious, they may be operating within their contract, but it is to the detriment of the mission which is to bring people over to our side."

So when we look at Blackwater's own records that show that you regularly move traffic off the roads and you shoot up cars in over 160 incidents of firing on suspicious cars, we can see, I think, why the tactics you use in carrying out your contract might mitigate against what we are trying to do in the insurgency.

Retired Army officer, actually, he is a conservative analyst now, Ralph Peters. He was more blunt about it. He said, "Armed contractors do harm COIN, counterinsurgency efforts. Just ask the troops in Iraq."

We have had complaints from military leaders over and over again that the ways that some contractors operate in Iraq are causing danger and anger against the U.S. forces. Let me give you one example. For most of 2005, the Army's Third Infantry Division was in charge of security in Baghdad.

Here is what the deputy commander of this division, Brigadier General Karl Horst, said about Blackwater and other private military contractors: "These guys run loose in this country and do stupid stuff. There is no authority over them, so you can't come down on them when they escalate force. They shoot people, and someone else has to deal with the aftermath. It happens all over the place."

Are you familiar with General Horst, sir?

Mr. PRINCE. No, sir. I have never met him.

Mr. TIERNEY. Well, here is what Colonel Hammes said when he was an officer in Iraq. He said, "The problem is in protecting the principal, they had to be very aggressive and each time they went out, they had to offend locals, forcing them to the side of the road, being overpowering and intimidating, at times running vehicles off the road, making enemies each time they went out."

So they were actually getting our contract exactly as we asked them to, at the same time hurting our counterinsurgency effort.

This goes on again back to Colonel Peter Mansoor who said, "I would much rather see basically all armed entities in a counterinsurgency operation fall under the military chain of command."

The CENTCOM Commander, Admiral James Fallon, who we all know now for his current work, his quote is: "My instinct is that it is easier and better if they were in uniform and working for me."

Can you see and appreciate, Mr. Prince, why there might be some contradiction between what we are asking your organization and others like it to do under the contract as opposed to what we are trying to do as a military force in counterinsurgency?

Mr. PRINCE. Sir, I understand the challenges that the military faces there.

Like I said before, there is 170 some companies doing business in Iraq. Most of those security contractors are DOD. I think the DOD officers would even complain about their lack of reach over their own DOD Corps of Engineers, MNSTC-I type contractors.

Second, we know we are part of the total force in trying to get the mission accomplished. Of the 16,000 missions our guys have done, only 195 resulted in any kind of discharge of a weapon. That is less than 1 percent. So we strive for perfection, but we don't get to choose when the bad guys attack us.

You know the bad guys have figured out. The terrorists have figured out how to make a precision weapon with a car loaded with explosives with a suicidal driver.

Mr. TIERNEY. Just to interrupt you for a second, you are not asserting that every time that you take affirmative action it was somebody firing at you first. You do acknowledge that, on some occasions at least, it was a preventive act on your part of your people.

Mr. PRINCE. Yes, sir, but this is what happens when our guys are not able to prevent a suicide car bomb. This happened. This blew up three Blackwater personnel and one State Department security officer up in Mosul.

It tossed a 9,000 pound armored Suburban 50 feet into the side of a building, followed by a whole bunch of small arms fire from the rooftops, a very serious ambush, killed four Americans that fast.

Mr. TIERNEY. My question was that you are not disputing the fact that on some occasions when your people might be afraid that something like that is going to happen, that they may fire first, ask questions later.

Mr. PRINCE. Sir, like I said the bad guys have made a precision weapon. The Air Force has a system called a DIRCM, Directional Infrared Countermeasures. It is used to break the lock of an incoming surface to air missile. It shines a laser in the seeker head. The missile breaks lock, and it veers away.

We have to go through a use of force continuum to try to break the lock of this potential deadly suicide weapon: hand and arm signals, sirens, signs at the back of the vehicles, water bottles, pen flares, shots to the radiator, shots to the windshield before we even go to a lethal force option.

So our guys do go through it, but they——

Mr. TIERNEY. Well, some of the evidence indicates that——

Chairman WAXMAN. The gentleman's time has expired.

Mr. TIERNEY. Mr. Waxman, I would like to just finish up my thought if I might. I think there has been fairly good estimation on the part of the committee here.

Chairman WAXMAN. If you can do it in seconds rather than minutes.

Mr. TIERNEY. Thank you.

The point being made is that there are instances—you are not denying—when people shoot first on that.

When you multiply that by the number of times it happens and the number of people and Iraqis, that are implicated in those situations, the number of people that they tell, it goes against our counterinsurgency effort and it goes to the issue of whether or not we ought to have military personnel doing the job, whether this is an inherently Government function that we ought to have done on the public side of it as opposed to having contractors who, by what we are seeing here today, really don't have much accountability being exercised over them by either the State Department or the Department of Defense.

I yield back, Mr. Chairman.

Chairman WAXMAN. The gentleman yields back the rest of his time.

The Chair now recognizes Mr. Duncan.

Mr. DUNCAN. Thank you, Mr. Chairman.

Mr. BURTON. Excuse me, Mr. Chairman.

Mr. Prince, did you want to respond to what was said?

Chairman WAXMAN. That wasn't a question. That was a statement by the Member.

Mr. BURTON. Well, I know, but when an allegation.

Chairman WAXMAN. Mr. Duncan is recognized.

Mr. BURTON. Mr. Chairman, when an allegation is made.

Chairman WAXMAN. Mr. Duncan is recognized. You are using his time.

Mr. PRINCE. I will get it, Mr. Burton. It is all right.

Mr. DUNCAN. Thank you, Mr. Chairman.

The Washington Post reported yesterday. It said Army General David H. Petraeus, the top U.S. Commander in Baghdad, overseeing more than 160,000 troops, makes roughly $180,000 a year or some $493 a day. That comes out to less than half the fee charged by Blackwater for its senior manager of a 34-man security team.

Our committee memorandum says using Blackwater instead of U.S. troops to protect embassy officials is expensive. That is putting it lightly. Blackwater charges the Government $1,222 per day for the services of a private military contractor. This is equivalent to $445,000 per year, over six times more than the cost of an equivalent U.S. soldier.

This war has produced some of the most lavish, most fiscally excessive and most exorbitantly profitable contracts in the history of the world. It seems to me that fiscal conservatives should feel no obligation to defend this type of contracting. In fact, it seems to me that fiscal conservatives should be the ones most horrified by this.

I notice in the table that Blackwater's contracting has gone from $25 million in 2003, $48 million in 2004, to $593 million in 2006. If we are going to be there another 10 years, as some have said, I surely hope that we are not going to continue to see these types of ridiculously excessive increases in the contracts that are being handed out.

I also notice that Blackwater is a subsidiary of the Prince Group, of Prince Group Holdings and that another one of the holdings of that firm is Presidential Airways, an aviation company that has held a contract with the U.S. Air Force Air Mobility Command.

Mr. Prince, can you tell me what percentage of Prince Group Holdings comes from Federal contracts of all or any types?

Mr. PRINCE. Could you say the question again, sir? I didn't quite hear you.

Mr. DUNCAN. Can you tell me? I don't know all the companies that are in your Prince Group Holdings. Apparently, there is a Presidential Airways. I don't know how many other companies there are.

What I am wondering about is how much of Prince Group Holdings comes from Federal contracts of any and all types?

Mr. PRINCE. Most of Prince Group Holdings comes from Federal contracts, but if I could just come back and answer your statement about prices that we charge, that $1,222.

Mr. DUNCAN. When you say most, does that mean 100 percent?

Mr. PRINCE. No.

Mr. DUNCAN. Rough guess, what percentage?

Mr. PRINCE. Rough guess, 90 percent.

Mr. DUNCAN. Do you still have a contract with Presidential Airways with Air Force Mobility Command?

Mr. PRINCE. Yes, sir.

Mr. DUNCAN. Rough guess, how much is that contract each year?

Mr. PRINCE. I don't know what the exact number is, sir. It is for eight aircraft right now. I don't know what they price out at.

Mr. DUNCAN. What other companies are in Prince Group Holdings?

Mr. PRINCE. There is a long list. I have a manufacturing business that has nothing to do with Federal stuff, and we make pieces and parts for automotive, appliance, industrial, power. We compete with the likes of the Japanese and Koreans and European companies every day.

Mr. DUNCAN. All right.

Mr. PRINCE. But if I could just answer the question about how much we charge, those are competitively bid prices. The $1,222 cited in the report is not accurate.

You also, the committee should have received this. I don't know if you have seen that. It lays out base year bill rates for an average security guy. Base year is $981, not $1,222, and our profit on that, projected to be 10.4 percent, nothing higher.

And on top of that, I can tell you we have three helicopters that have been shot down this year, a Little Bird and two Bell 412s. Those are company helicopters, and when they go down that comes out of our hide. We have to self-insure on those.

So the risks we take, the financial risks, whenever an aircraft is doing a mission for the State Department or responding to some med evac need, above and beyond the statement of our contract, trying to pull a U.S. soldier out of bad, wounded situation, we take that risk as a company, and our guys do themselves at great personal peril.

So it is not just about the money. We are a business. We try to be efficient and excellent and deliver a good service.

We are happy to have that argument, sir, not the argument, the discussion. Sponsor an activity-based cost study. What would it cost the Diplomatic Security Service to bring all those folks in house as staff?

Look at it. We are happy to have that argument. If the Government doesn't want us to do this, we will go do something else, but there is plenty of case to be made and plenty of spreadsheets to be analyzed.

Chairman WAXMAN. The gentleman's time has expired.

The Chair now recognizes Mr. Clay.

Mr. CLAY. Thank you, Mr. Chairman.

Mr. Prince, I am truly disturbed by reports of Blackwater contractors wreaking havoc on innocent Iraqi citizens. I am equally troubled that taxpayers have been taken for a ride by paying six times the cost of a U.S. soldier for Blackwater contractors.

Now, Mr. Prince, you have argued that Blackwater provides a cost-effective service to the U.S. Government in part because by hiring private contractors the Government can avoid paying carrying costs such as training, salaries and benefits.

Yet, in your written testimony, you state that Blackwater personnel are all military veterans and law enforcement veterans, many of whom had recent military deployments. Since so many of your employees have recently left Government service, doesn't that mean they have received years of specialized training at the expense of the Federal Government?

Mr. PRINCE. People serve the U.S. Government for different periods of time, and that is a choice they make and have been making since the United States has had a standing military. They serve for 4 years. They serve for six. They serve for 20 or 30.

Mr. CLAY. So the U.S. taxpayers are paying for that training.

Mr. PRINCE. They are paying for that anyway. We provide a vehicle, a mechanism for the U.S. Government to utilize that sunk cost that they have put into the training for these people. We reorganize it and package in a way to fill these gaps that the U.S. Government has in these kinds of contingency operations.

To stand up a 1,000-man or actually you need a 3,000-man, at least, military police brigade to do this kind of work because for every person that is deployed, they are going to have two more back stateside, one in training and one in standdown.

So you spin that meter, and the costs get big very quickly. So we are just reorganizing those skills that the Government has already paid for and putting them back to work.

Mr. CLAY. Last week, Defense Secretary Robert Gates expressed concern that Blackwater and other private military contractors are actually poaching the military's ranks, luring service members away with much higher salaries.

When Secretary Gates testified before the Senate Appropriations Committee, he said he asked Pentagon officials to work on drafting non-compete clauses in order to put some limits on the ability of these contractors to lure highly trained soldiers out of our forces to go and work for them.

How do you feel about non-compete clauses, Mr. Prince?

Mr. PRINCE. I think that would be fine, but the fact is everyone that joins the military doesn't necessarily serve 20 years. So, at some point, they are going to get out after four, six, eight, whatever that period of time is, whatever they decide because we don't have a draft. We have a voluntary service.

I think it would be upsetting to a lot of soldiers if they didn't have the ability to go use the skills that they have accumulated in the military to go work in the private sector because you could make the same case about aviation mechanics, jet engine mechanics, guys that work on a reactor on a submarine. All those skills have direct correlation to the private sector. I don't think putting in non-competes for them would do well to draw guys into the military in the front side either.

Again, the GAO study found that the Special Operations community, yes, folks are getting out and they go to MBA school. They become some other private sector job. Yes, a lot of them come to work for companies like us but not at any higher rate than they ever did before.

Mr. CLAY. Well, I mean if the Pentagon adopts the non-compete clause, it certainly indicates to me that the Secretary is really concerned about you all poaching on our service personnel, and that is what it indicates to me.

Let me also say to the viewers of C–SPAN today. This Congress, some in this Congress and the administration seem to be steeped in hypocrisy as far as taking these frequent flies to the Green Zone in Baghdad. When you look, they are some of the same ones who

would never lift a rifle to defend this country in Vietnam but yet ridicule and criticize those who have not traveled to Baghdad.

I just want the American public to be aware that some in here are steeped in hypocrisy.

I yield back my time, Mr. Chairman.

Chairman WAXMAN. The gentleman's time has concluded.

The gentleman from Idaho, Mr. Simpson.

Mr. TURNER. Thank you, Mr. Chairman.

I come from Ohio, and Ohio is known frequently as the Heartland, and in the Heartland there are a few things that are easy that are not so easy in Washington, DC. Even in Hollywood, some of these things are easy, and those are the issues of who is on our team and who is on their team.

Today, I am a little saddened by this hearing because I am absolutely a supporter of congressional oversight and believe this committee has incredible functions that we have to do. Our witness today even talked about being a contractor, the questions that we should be asking of reliability, accountability, cost. A lot of the information we have before us is about dollars, rules of engagement and the like.

But what unfortunately dissolves into our team versus their team, by any account, by Hollywood's account, by the performance account, Blackwater is our team. They are our team working in the trenches and in a war zone.

I haven't heard many questions on this committee about the rules of engagement or the limits on the work of Al-Qaeda or the insurgents. In fact, I don't recall one hearing in this committee where there has been indignation or troubling responses as a result of the senseless and heartless killings of Al-Qaeda and the insurgents, but I hear today huge concerns over what we must exert as oversight on Blackwater. I think it crosses the line between our team and their team.

Blackwater has questions to answer, and I believe that they are prepared to do that and today have come forward to do those things, but we should not go to the extent of undermining Blackwater's ability to perform as our team.

The Washington Post today, in its editorial in reviewing how this issue has come to light, stated, "Congressional Democrats despise the firm because it symbolizes the private contracting of military missions that many oppose in principle."

This is the Washington Post saying that the congressional Democrats are despising this firm because of its engagement in military missions that they oppose.

The Washington Post goes on to say, "At the same time, it is foolish"—that is a pretty strong word for the Washington Post.

"At the same time, it is foolish to propose the elimination of private security firms in Iraq and Afghanistan, at least in the short term."

I would hope as we continue our important functions of oversight that we don't undermine our team.

Now, Mr. Chairman, you made a comment that I have to respond to in your opening statement. It is written in your opening statement, and it says, "As a general rule, children from wealthy and politically connected families no longer serve in the military."

Mr. Chairman, that is an attack on our team. I can tell you that Duncan Hunter, former chairman of the Armed Services Committee, currently ranking member, whose son served in Iraq, would disagree with you. Joe Wilson with the Armed Services Committee, whose son served, would disagree with you.

I can tell you that the DOD in its report on social representation in the U.S. military services and the GAO in their September 22, 2005 report would disagree with you.

Quoting from the DOD report, it says, "Our Population Representation Report shows both a diversity and quality of the total force. Men and women of various racial and ethnic groups, of divergent backgrounds, from every State in our country serve as active and selective reserve, enlisted members and officers of the Army, Navy and Marine Corps and Air Force and Coast Guard.

"One particular note, the mean cognitive ability and educational levels of these Soldiers, Sailors, Marines, Airmen and Coast Guardsmen are above the average of comparatively aged U.S. citizens."

The GAO, in their report, similarly confirms that between 1974 and 2000, the force became older and better educated.

So I would hope that the comments by the chairman are not interpreted as what I heard them as, as diminishing the abilities and the backgrounds of those who serve in our military.

Mr. Prince, my question for you, you are free of some of the limiting acquisition rules that our military is subject to. A general has a different ability to be able to acquire something as you do corporately.

Could you give us some insight as to how our acquisition rules inhibit our military in performing some of the things that you do and ways in which we can change those acquisition rules to deliver to them the things that they need?

Mr. PRINCE. Thanks for that question.

I would say we find that the requirements process for the military constantly looks for the 120 percent solution, and it overspecs the electronic capability. I mean there is an enormous amount of extra stuff and capability put on a vehicle that might not be necessary to just fulfill that job.

I mean if you are going to, you could almost buy vehicles just planned on for Iraq right now, almost off the shelf, without having to plan about net-centric warfare and all the other bells and whistles that sometimes the DOD wants to put on things. So we buy to solve the situation at hand.

Chairman WAXMAN. The gentleman's time has expired.

I want to apologize to the gentleman for indicating that he is from a different State than Ohio. He is a proud Ohioan, and I certainly want to agree with him. I hope nobody misinterprets my comments.

I would like to now call on Ms. Watson.

Ms. WATSON. Then I want an apology for the reference to Hollywood. That is the area that I represent here.

I heard the Chair apologize. I just had to tail-in on that one.

I want to commend Mr. Prince for his duties, for his skill and for his heading up Blackwater.

However, when I hear that one of the patron saints of some people, Rush Limbaugh, called our soldiers, who have been critical of the experience in Iraq, phony soldiers, I am offended and you should be offended too.

There was a sign over there earlier, Mr. Chair, the General Petraeus satire, and I had sent a message that it should be taken down because it was insulting to people.

I think that people that call our soldiers, who speak from experience, phony, ought to be made to apologize.

Mr. ISSA. Would the gentlelady from Hollywood yield for a question?

Ms. WATSON. No, I will not yield because I have just a little time.

Let me say this. I am really concerned when it comes to privatizing the various struggles that we are having in a war zone.

I am looking at a book here that says Blackwater: The Rise of the World's Most Powerful Mercenary Army. That is really disturbing to me because I feel that every young man and woman or every man and woman in the military ought to be paid for their service, and I think you are making a good argument for the amount of money that you have been paid, your organization.

I think my question is do you feel that we ought to continue on with privatizing the kinds of duties that our military should be trained to execute?

Mr. PRINCE. Ma'am, the U.S. military is the finest, most powerful military in the world, bar none.

Ms. WATSON. Absolutely, and they should be paid accordingly.

Mr. PRINCE. It is designed for large-scale conventional operations, what they did to Saddam in 1991 and then again in 2003.

Ms. WATSON. Well, then there is something wrong with the design, and that is my point. I think you responded, and I hear you clearly. You are providing a service, and I commend you.

Let me just continue on.

You are providing a service, and those little voids, Mr. Chairman and committee members, ought to be filled by the young, the people who volunteer. We have no draft. These are volunteers.

Why should they put their lives on the line for this country and not be compensated, so their families back at home don't have to go on welfare and are living in housing that is substandard?

I am just infuriated, not with you, but with the fact that our State Department and our Department of Defense cannot see their way. They talk about we don't have the money, saving money. This war is costing $1 trillion.

You have been paid over $1 billion and will continue to be paid so that you can buy the helicopters that are shot down.

And so, my question to you, are we going to have to continue to privatize because we are not training to do what you do and would it not be better to hire you to train our military to do the kind of guarding of VIP personnel?

Whenever there is a CODEL, you have to guard them. When people from the State Department come, you have to guard them because we say that our military is not prepared and not trained to do that.

Mr. PRINCE. Well, ma'am, I am happy to say that we do a significant amount of training for the U.S. military every day at our couple of facilities we have around the country.

Ms. WATSON. But you are saying that you fill in a specialty area.

Mr. PRINCE. It is a specialty gap, high-end personal security.

Ms. WATSON. My question that I throw out to all of us is why can't we train these people who are willing, who have courage to go into the military, but then we have to bring on a private firm to do the job they should be trained to do and pay them three or four times more than we pay those who choose to serve their country by fighting in theater?

Mr. PRINCE. The military could do that, but the U.S. military can't be all things to all people all the time.

Ms. WATSON. Why not?

Chairman WAXMAN. The gentlelady's time has expired.

Mr. PRINCE. The tyranny of shortage of time and distance. I mean you can't have an anti-air missile guy also be doing PSD missions and knowing how to be an aviation mechanic. It is too broad of a base of skill requirement.

Ms. WATSON. We need more people.

Chairman WAXMAN. Mr. Issa.

Mr. ISSA. Thank you, Mr. Chairman.

Mr. RYAN. Mr. Chairman, may I have 1 minute?

Chairman WAXMAN. Thank you.

Mr. Issa.

Mr. ISSA. Thank you, Mr. Chairman.

Boy, there are so many inaccuracies, so little time. Perhaps let's start with something from the gentlelady from Hollywood. Isn't it true that, in fact, the military's mission has historically not been to guard either VIPs or the State Department as a whole?

Mr. PRINCE. Correct, yes, sir.

Mr. ISSA. Isn't it true that, in fact, your organization works under the regional security officer for Baghdad?

Mr. PRINCE. Yes, sir.

Mr. ISSA. Isn't it true that contractors have been used directly and indirectly, in other words, non-Federal employees in places Beirut, Afghanistan, Bosnia, under the Clinton administration, routinely?

Isn't there a historic time in which we used non-career RSOs or foreign service officers for these jobs?

Mr. PRINCE. Since the founding of the republic.

Mr. ISSA. OK, so, we are not talking about the military here at all including, with all due respect, to Secretary Gates. Somebody, if the State Department recruited for the positions you are presently providing, they would be in all likelihood recruiting either current or prior military, wouldn't they?

Mr. PRINCE. Yes, sir.

Mr. ISSA. Is it reasonable for the State Department to own attack helicopters or Bell helicopters that are weaponized?

Mr. PRINCE. Well, that is up to them, and our helicopters aren't weaponized.

Mr. ISSA. Let's look at it another way. Outside of the two theaters, Afghanistan and Iraq, do you know of any place in which the

State Department owns or directly controls weapons, gunships, if you will, to protect convoys?

Mr. PRINCE. They do some crop eradication, some cocaine eradication work in Colombia. That is the only place I know.

Mr. ISSA. OK. So this is an unusual mission and one that begs for not creating a career position for foreign service helicopter pilot. There would only be about two or three places they would ever be, isn't that true?

Mr. PRINCE. Well, actually, those are all flown by contractors as well, sir, down in Colombia.

Mr. ISSA. I am very well aware of that, and that is the point, I guess. We are having a hearing that is supposed to not be about your company and supposed to not be about one incident on September 16th. It is supposed to be about cost effectiveness of contractors, isn't it?

Mr. PRINCE. Yes, sir.

Mr. ISSA. I wish we were bringing in facts and figures about let's say $600 billion of DOD contracts or DOD costs into one million soldiers so that we could go, well, isn't that about $600,000 for every soldier?

Isn't, in fact, the cost of the Department of Defense, the military far greater than what we pay our men and women in uniform at the time that they are in combat?

Mr. PRINCE. I don't know what those numbers are, sir, but that would be a great, fully burdened cost study that Congress could sponsor. They don't have to do the whole thing, just take some key nodes and really study it.

Mr. ISSA. Well, and hopefully, we will. Hopefully, we will get to serious discussion on these issues because I think looking at the costs-benefits should always be done. For permanent requirements, I don't want to use contractors if, in fact, Federal employees would be more appropriate.

I will mention one thing. If you are feeling a little pressure today, if it is a little tough, just be glad you don't make a diabetes drug.

Mr. PRINCE. To where, sir?

Mr. ISSA. Be glad you don't make a diabetes drug. Compared to what we did to the Avandia makers, GlaxoSmithKline, you are getting off easy. Trust me. They had their product destroyed by jury-rigged testimony and studies that were essentially co-opted in advance.

But let's just go to one area that I think hasn't been discussed and others might not discuss it. Is your sister's name, Betsy DeVos?

Mr. PRINCE. DeVos.

Mr. ISSA. Yes. Is that your sister?

Mr. PRINCE. It is.

Mr. ISSA. Was she a former Michigan Republican Party Chairwoman?

Mr. PRINCE. Yes, she was.

Mr. ISSA. Was she a pioneer for Bush?

Mr. PRINCE. I don't know. Could be.

Mr. ISSA. Was she a large contributor to President Bush?

Mr. PRINCE. They probably were.

Mr. ISSA. And raised a lot of money for President Bush?

Mr. PRINCE. Could be.

Mr. ISSA. Went to the Republican conventions in 2000 and 2004?

Mr. PRINCE. I would imagine they did, yes.

Mr. ISSA. Isn't it true that your family, at least that part of the family, are very well known Republicans?

Mr. PRINCE. Yes.

Mr. ISSA. Wouldn't it be fair to say that your company is easily identified as a Republican-leaning company and, in fact, the Amway Co. somewhat so because of family members there?

You don't have to speculate overly, but isn't that generally something you understand?

Mr. PRINCE. Blackwater is not a partisan company. We haven't done any, you know. We execute the mission given us, whether it is training Navy Sailors or protecting State Department personnel.

Yes, I have given individual political contributions. I have done that since college, and I did it when I was an active duty member of the Armed Services, and I will probably continue doing that forward. I don't give that. I didn't give up that right when I became a defense contractor.

Mr. ISSA. Right.

Chairman WAXMAN. The gentleman's time has expired.

Mr. ISSA. Mr. Chairman, just to finish like we did on the other side of the aisle, I think you are exactly right, that in fact being identified as partisan Republican, in fact your company appears to have done what all companies do which is in fact to operate, to do the job they are doing in a non-partisan way.

I would hope that this committee and the public take note that labeling some company as Republican-oriented because of family members is inappropriate, and I would hope that we not do it again.

I yield back.

Chairman WAXMAN. Well, the only one who has done it is you. [Laughter.]

Mr. ISSA. Mr. Chairman, I think it has been made. I think the report made it very clear.

Chairman WAXMAN. Maybe that is why all the Republicans are defending the company.

Well, Mr. Yarmuth, it is your time.

Mr. YARMUTH. Thank you, Mr. Chairman.

Mr. Prince, welcome. Thank you for your testimony.

Mr. PRINCE. Thank you, sir.

Mr. YARMUTH. I want to focus on the whole issue of cost and profitability, and I want to clarify something. You talked at one point about the fact that what you are essentially doing is bidding for people who would otherwise be able to make as much money as you would be paying them in the private sector.

First of all, some of that defies imagination because we are talking about essentially $400,000 to $500,000 worth of cost per individual per year to the Government which would put that individual or that job category in the highest 1 percent of income earners in the country.

So my question to you would be, and this is not in any way to impugn or to minimize the value of Navy SEALs, but outside of a

military setting, where could a Navy SEAL, for those talents, make $400,000 to $500,000 if it weren't for a Government contract?

Mr. PRINCE. I don't know of any of our people that have made $400,000 to $500,000 working as a contractor. They are not getting paid that much.

They get paid for every day they are in the hot zone. So it is very much like a professional mariner's existence. They go to sea. They get paid every day they are in the hot zone. They day they leave, their pay goes to zero.

Average pay, hypothetically, around $500 a day. We don't pay the $1,000 a day. That is a huge misperception. It is a flat-out error in the media.

So if you take $15,000 a month and they work for 6 months, it is $90,000.

Mr. YARMUTH. But that is not the cost of that job to the American taxpayer.

Mr. PRINCE. Yes, sir, but they are not showing up at the job naked. They need uniforms, equipment, body armor, boots, everything you wear from head to toe, their training, their travel, their insurance, sometimes their food.

I mean there are very, very sophisticated price models that we bid competitively for, hundreds and hundreds of line items. Believe me, our folks earn a lot of electrons putting those price models together because you really got to know what you are doing on the front end. But, again, it is a competitively bid product.

Mr. YARMUTH. Well, I appreciate that, and I want to pursue that a second, but I do have in front of me an invoice from Blackwater to the Department of State in which one of the items is invoice quantity, 3,450 units each at a cost of $1,221.62. That is your invoice.

Mr. PRINCE. I am not sure what that invoice is. Could I see that, sir?

Mr. YARMUTH. I would be happy to submit that for the record.

We dealt several months ago with a situation in which I don't believe your company was a subcontractor for the State Department or a contractor. You were a subcontractor. I am talking about the incident in Fallujah where four of your employees were ambushed and killed, and we had testimony from two of their wives and two of their mothers several months ago.

In the course of that testimony, it was we were told that they had actually contracted, each of them, at a rate of $600 a day. That is what they were to be paid. By the time it got to the American taxpayer, it was around $1,100 a day. You were the third subcontractor under a contract given to KBR, as I recall, Halliburton, then a Halliburton subsidiary. And we asked the question of all of those subcontractors, did anybody add value up the ladder for that additional $500 based on—and we asked, did they provide any special equipment, any special services, whatever. And the answer was no.

So in that case, that is not your profit, but it appeared to us that by and large that additional $500 that the American taxpayer paid for that one person was largely profit to three different corporations. Now, can you shed any light on that situation? And I don't believe, that was, I think, a Defense Department contract and KBR

was just delivering supplies to troops and you were guarding the convoys.

Mr. PRINCE. That could easily be. I am not completely familiar with the contracting and subcontracting arrangement that you are speaking of. But I can tell you, with our work with the State Department, we are direct to the State Department and there is no other intermediary adding cost or not adding value.

Mr. YARMUTH. One other question I want to ask. You made the comparison, again, about that we have to bid for these people. But isn't there a significant distinction, I understand if we, the military trains a pilot and then the pilot goes out and is bid for by commercial aircraft and so forth, that is the private sector bidding. But in this situation, the American taxpayers are bidding against themselves. Because we trained Navy SEALs, Navy SEALs then go into your employ, then the Navy has to bid, as I understand, in one report, $100,000 to get them back.

But we are bidding against ourselves, aren't we? We are not bidding against another external competitor.

Mr. PRINCE. The nature of the demand of this, especially a group of Blackwater, even before 9/11, it grew after the Cole was blown up, that Navy ship. Now, in a post-9/11 world, you have a lot of different demands for those kinds of skill sets that are in much higher demand than they were in the late 1990's. So that is the changing nature of the market.

Chairman WAXMAN. The gentleman's time has expired.

Mr. McHenry. Oh, I am sorry. Mr. Westmoreland.

Mr. WESTMORELAND. Thank you, Mr. Chairman.

Just to clarify a little bit about who is calling who a Republican company, I want to read from a December 13, 2006 letter from Callahan and Blaine to Ms. Pelosi, Mr. Waxman, Senator Dorgan, Senator Reid, Representative Chris Van Hollen: "Nonetheless, as American citizens, we hereby petition to you to initiate support and continue the congressional investigations into war profiteering and specifically Blackwater's conduct. Now that there has been a shift in power in Congress, we are hopeful that your investigation, as well as the investigations by Senator Dorgan and Senator Waxman, will be taken seriously by these extremely Republican companies such as Blackwater, who have been uncooperative to date and that these investigations will be fruitful and meaningful."

And Mr. Prince, you may recognize that name, because I believe they also are the attorneys for some people who are suing you.

Mr. Prince, first of all, let me give you a little background, probably, as to why you are here. There is a party in Congress that does not like companies who show a profit. If you are wealthy, they figure you should have paid more taxes or that you are a crooked businessman. They do not understand someone who is an entrepreneur and offers a valuable service that is above its competitors and that is based at a competitive price.

They want to fight a war with no casualties. They exploit our children, whether it is with a plan that will socialize medicine in this country or the horrible situation when innocent children are victims of an act of war. They often have hearings such as this to bias lawsuits that their crony lawyer friends may be handling.

There is no cost too high for them for citizens to pay, citizens of this country, whether it is the price of personal integrity or more of their wealth, as long as it moves forward with the ultimate goal of distribution of wealth of the successful for the takers of this world.

They love to have their cake and eat it too, though. For instance, they think the Iraqi government is corrupt and inept, but yet they question you about taking one of your former employees out of the country with the government's permission. Another example, they say the military should be doing your job, yet they don't want additional troops sent to the theater.

One more example, Mr. Prince, is they complain about what our military personnel make, and then they complain about what you pay the same people that they complained about making so little. So you can see that there is some confusion.

I also want to point out to you that 9 of the 22 Members on this panel that voted voted that they agreed with MoveOn.org's attack on General Petraeus.

Let me ask you, Mr. Prince, well, let me say, some of Blackwater's critics have stated that the firing of personnel has been surprisingly frequent. Have you or your managers ever fired an employee for doing a good job?

Mr. PRINCE. Not that I know of.

Mr. WESTMORELAND. I don't think anybody does, do they? So if one of your employees was doing a bad job or not meeting your criteria, then those were some of the people that you got rid of, right?

Mr. PRINCE. If they don't hold to the standard, they have one decision to make: window or aisle.

Mr. WESTMORELAND. And Mr. Prince, what kinds of professional backgrounds do most of your security personnel have?

Mr. PRINCE. All of our personnel working on the WPPS-type contract come from the U.S. military or law enforcement community. They have a number of years of experience doing that kind of work, ranging from 5, 8 years up to 20 or 30 years of experience. They are discharged honorably, most of them are decorated. They have gotten out of the military to choose to take another career path. So we give them the ability to use those skills back again working for the U.S. Government.

And let me just say, we are not a partisan organization. That is not on the interview form when you come to work for Blackwater, what party you affiliate with at all. We affiliate with America. And the idea that people call us mercenaries, we have Americans working for America, protecting Americans.

Mr. WESTMORELAND. And I think you do a very good job.

Mr. PRINCE. And the Oxford Dictionary defines a mercenary as a professional soldier working for a foreign government. And Americans working for America is not it. Yet we have a handful of, we call them third country national folks, folks from Latin America, they guard some gates and they guard some camps. They don't leave that area, they are static guards. Our PSD guys are Americans working for America.

Chairman WAXMAN. The gentleman's time has expired.

Mr. Braley.

Mr. BRALEY. Thank you, Mr. Chairman. Mr. Prince, my best friend married Mary Lubbers, whose father and grandfather were the presidents at Hope College.

Mr. PRINCE. Small world.

Mr. BRALEY. So I want to start by asking you about a statement you made on page 3 of your written statement that you shared with the committee, "The company and its personnel are already accountable under and subject to numerous statutes, treaties and regulations of the United States." And then you went on and attached to your statement a list of existing laws, regulations and treaties that apply to contractors and their personnel. Is that the document that I am holding up that you attached?

Mr. PRINCE. Yes, sir.

Mr. BRALEY. Is it your testimony today, under oath, that all Blackwater employees working in Iraq and Afghanistan are subject to the Uniform Code of Military Justice, the Military Extra-Territorial Jurisdiction Act and the War Crimes Act?

Mr. PRINCE. It is my understanding that is the case, yes, sir.

Mr. BRALEY. All right, well, let's look at this document, I want to ask you about it. This document, the Uniform Code of Military Justice, applies in the time of declared war. You would agree that there has been no declared war in Iraq or Afghanistan?

Mr. PRINCE. No, but I believe it has been amended to include contingency operations.

Mr. BRALEY. Is it your understanding that a contingency operation would apply to what is going on in Iraq and Afghanistan?

Mr. PRINCE. I am not a lawyer, but my layman's understanding is yes.

Mr. BRALEY. All right. And then it says to persons serving with or accompanying an armed force in the field. Do you see that?

Mr. PRINCE. I don't have it in front of me, but you are reading from it.

Mr. BRALEY. Well, I am just reading from the document that you provided to us.

Mr. PRINCE. Right.

Mr. BRALEY. If that is what the Uniform Code of Military Justice provides, you would agree that based upon your own description of the activities of your company, there are times when your employees are not serving with or accompanying armed forces in the field.

Mr. PRINCE. There are times when U.S. military units are actually embedded in our motorcades.

Mr. BRALEY. But to answer my question, there are times when your employees are not serving with or accompanying armed forces in the field, isn't that correct?

Mr. PRINCE. Sir, I am not a lawyer. So I am not going to give you that level of detail. If you want a clear written statement as to the accompanying opinion, I am sure the State Department can answer what their opinion is on that. But we have looked at it and we feel comfortable that our guys could be brought under investigation with those ruling legal authorities over their heads.

Mr. BRALEY. Then let's look at the Military Extra-Territorial Jurisdiction Act, Section 3261, Criminal Offenses Committed by Certain Members of the Armed Forces and by Persons Employed by or Accompanied by the Armed Forces Outside the United States. You

would agree that there are circumstances where your employees would not meet that definition based upon their service in Iraq and Afghanistan.

Mr. PRINCE. I believe that was changed yet again to include any U.S.-funded contract.

Mr. BRALEY. Well, that is the definition that applies to U.S.-funded contracts from the statute.

Mr. PRINCE. Again, I am not a lawyer, sir. I am sorry.

Mr. BRALEY. Then let's look at the War Crimes Act of 1996, which applies if the perpetrator is a U.S. national or a member of U.S. armed forces. You would agree based upon your testimony today that there would be circumstances when some of your employees would not meet the definition of perpetrator to be covered by the War Crimes Act.

Mr. PRINCE. Again, I am not sure, sir.

Mr. BRALEY. Well, you testified that you hire some third country nationals. They would not be U.S. nationals, would they?

Mr. PRINCE. That is correct.

Mr. BRALEY. And they would not be members of the U.S. armed forces.

Mr. PRINCE. But they are serving in a U.S. DOD contingency operation.

Mr. BRALEY. Then let's talk about these payments that have been made as a result of deaths that were related to the conduct of Blackwater employees. One of the payments that we have been provided information about was this $15,000 payment to the guard's family who was guarding Iraqi Vice President Mahdi. Are you familiar with that payment?

Mr. PRINCE. Yes, sir.

Mr. BRALEY. Did you have any input into the determination of the amount of that payment?

Mr. PRINCE. I discussed it with some State Department officials, yes.

Mr. BRALEY. Did you feel that it was a satisfactory level of compensation for the loss of that individual?

Mr. PRINCE. I believe the cash that was paid was actually $20,000, not $15,000.

Mr. BRALEY. All right, $15,000 or $20,000. Based on the information that we have been provided, one of the things we know is that Blackwater charges the Government $1,222 a day for the services of some of its employees, is that correct?

Mr. PRINCE. I believe that number is lower. The chart that we provided the committee shows a blended average significantly less than that.

Mr. BRALEY. Assuming that figure is correct, if you take someone your age in the United States and look at the U.S. life table, you will find that somebody your age in this country has a life expectancy of 40 years. So if you were to take that rate of $1,222 a day, multiply it times 365 days a year, multiply it by a 40 year life expectancy, you would get a total lifetime earnings payout of $17,841,200. You would agree with me that pales in comparison to a payment of either $15,000 or $20,000.

Chairman WAXMAN. The gentleman's time has expired. You can answer the question.

Mr. PRINCE. Your calculations there don't make any sense to me, because that charge, that $1,200 charge that you are talking about, claiming that we charge the Government, that includes aviation support. Some of those helicopters that got shot down, that comes out of our hide. Gear, training, travel, all the rest. So I am not quite sure how that math works out. But I would be happy to get back to you if you have any written questions.

Chairman WAXMAN. The gentleman's time has expired.

Mr. McHenry.

Mr. MCHENRY. Thank you, Mr. Chairman.

I want to go through a few facts and make sure we have this on the record. The gentleman is discussing cost, and I want to sort of understand all the facts before we get to a conclusion here. You were previously in the Navy SEALs. How long were you in the military, sir?

Mr. PRINCE. In 1992 through the end of 1996.

Mr. MCHENRY. What is the average time, having been in the SEALs, perhaps you would know this, what is the average time a special forces operator is in the service?

Mr. PRINCE. Five or 6 years, up to 20. It really varies.

Mr. MCHENRY. But based on your experience?

Mr. PRINCE. Guys really make a decision point at about 12 years whether they are going to stay for a career or get out. So I would say 10 to 12 years.

Mr. MCHENRY. All right. Let's say an operator retires from the military, at which point a Navy SEAL, average Navy SEAL is doing a much more, a much different operation, they are dealing with explosives rather than defensive caravans and convoys. What do you do with those individuals? Do you take Navy SEALs and put them right in there, onto the streets? Is there training for Blackwater?

Mr. PRINCE. The personnel that deploy for us, they go through, obviously we have the resumes, we do a criminal background check on them. When they have been accepted, when the resume has been accepted by the customer, they come in for training, they go through another 164 hours of training, embedding at Blackwater, tactics, techniques, procedures, driving, firearms, defensive tactics. They go through a full psychological evaluation, medical/dental exam, physical tests, shooting tests. There is a very, very rigorous pre-deployment program they all have to do.

Mr. BRALEY. A significant amount of expense?

Mr. PRINCE. Yes. And that is all baked into that daily cost.

Mr. BRALEY. Just for the record, when was Blackwater formed?

Mr. PRINCE. In 1997.

Mr. BRALEY. At what point did you receive your first Government contract?

Mr. PRINCE. For the first number of years, our customers were individual SEAL platoons or a Marine recon platoon or an A team. It was down to the individual team sergeant or warrant officer paying with a credit card. Our first big Government contract that we won competitively was the Navy force protection contract that they started off after the Cole was blown up. We had a $1½ billion ship blown up by two guys in a Zodiac.

Mr. BRALEY. What year was that?

Mr. PRINCE. We started that in 2001.

Mr. BRALEY. OK. Who is your client in Iraq?

Mr. PRINCE. Department of State.

Mr. BRALEY. OK. How many competitors do you have within this contract?

Mr. PRINCE. There are two others. There was a big competition before then to be down-selected for the WPPS contract.

Mr. BRALEY. How is that contract awarded?

Mr. PRINCE. It is awarded competitively. You go through an enormous proposal process, they come and inspect your facilities, your training standards, the resumes of each of your personnel. They even have to accept and inspect the resumes of the instructors you are going to have. And they come and audit the program on an almost weekly basis.

Mr. BRALEY. So let's go forward. There are roughly 1,000 Blackwater contractors, operators, these former veterans that you now have trained that are out securing embassy staff and a number of civilians in Iraq. Let's say it is 1,000, just for our purposes here. Roughly how much administrative staff do you have associated with those 1,000 individuals?

Mr. PRINCE. We run that whole program, instructors, program management people, that sort of thing, with less than 50 people.

Mr. BRALEY. With less than 50 people?

Mr. PRINCE. Yes, sir.

Mr. BRALEY. So roughly it is 1,000 to 50, is the ratio from operators in the field to administrative staff?

Mr. PRINCE. Yes, sir.

Mr. BRALEY. All right. Now, there is this notion, we are not the Armed Services Committee here, but there is this notion of tooth to tail ratio, which means how many operators do you have in the field and the expense of them, how much administration function do you have. In active duty military, based on your recollection, what is that rough estimate?

Mr. PRINCE. What is the DOD's tooth to tail ratio?

Mr. BRALEY. Yes.

Mr. PRINCE. I have seen as high as 8 to 1 or even 12 to 1. One tooth, 8 to 10, 12 tails.

Mr. BRALEY. So one individual in the field, 12 individuals outside of operating. So the ratio, when these people on the committee talk about the expense of having that one operator in the field, it is far less for an individual contractor, when you are a private security contractor like you are in Iraq, it is far more efficient for the total program to have a contractor, because their tooth to tail ratio is far better than what it is in the active duty military.

Therefore, the cost of that one operator in the field for all the support services they have associated with them is far less for a company like Blackwater than it is for the active duty military. And can you, and my time is up, but if you can actually discuss this with the committee and maybe in a minute or so explain the expense of the overall operations.

Chairman WAXMAN. The gentleman's time is up, but Mr. Prince, you may go ahead and answer.

Mr. PRINCE. I would just encourage the committee, and would be happy to make some suggestions on areas where you could do a

true activity-based cost study, what does it cost the U.S. Government to do X, Y, Z functions in the field, and do an accurate drill-down. Because unless you know what something costs, everything before that or after that is hyperbole.

Mr. BRALEY. Is it your contention that it is far cheaper——

Chairman WAXMAN. The gentleman's time really has expired.

Mr. BRALEY [continuing]. For you to operate in the field? I just want him to answer this question, if I could, Mr. Chairman. Is it your contention that it is much cheaper to the taxpayers for your activities as a contractor with the Department of State than it would be for active duty military to do the very same task because of that tooth to tail ratio?

Mr. PRINCE. Yes, and because it is tough for the military to be all things to all people all the time. If they are going to have air defense artillerymen, all the other conventional warfare specifications they have to have, it is tough for them to do all things all the time.

Chairman WAXMAN. If you have some kind of document that backs up your statement, we certainly would like to see it, and we would like to ask you to provide it to our committee.

Mr. PRINCE. Yes, sir.

Chairman WAXMAN. Thank you.

Ms. McCollum.

Ms. MCCOLLUM OF MINNESOTA. Thank you, Mr. Chair. Mr. McHenry and I had the opportunity to go to Afghanistan together, where in fact the military did provide, when we went out on visits, did provide our security. I also had the opportunity of being in Iraq, where we had a private security detail take us from point to point. And I just, there has been some discussion about who is more caring about getting on the ground and seeing what is going on, and I just wanted people to know for the record here that I have been both places and under both circumstances.

I would like to followup a little more on what Mr. Braley was talking about. You provided this chart on contractor accountability. And you have made the statement that the DOD can bring charges against your contractors. Can the Department of State bring charges against your contractors?

Mr. PRINCE. I believe that would be done by the Justice Department. They do the prosecuting of those laws.

Ms. MCCOLLUM OF MINNESOTA. Under the CPA Order 17, contractors have immunity from the Iraqi legal system, is that correct?

Mr. PRINCE. That is my understanding, yes.

Ms. MCCOLLUM OF MINNESOTA. So if a Blackwater contractor would commit, as what an investigation might determine would be murder, on their own time, it was a Christmas Eve holiday that you were describing, or Christmas holiday, do you believe the Iraqi government would not be able to charge that individual with a crime, even on their own time?

Mr. PRINCE. That is my understanding, yes.

Ms. MCCOLLUM OF MINNESOTA. Do you believe that immunity should be repealed, if something happens when someone is "off duty" and an Iraqi is murdered?

Mr. PRINCE. I believe U.S. laws should be enforced, and you can have that justice system back here in America work.

Ms. MCCOLLUM OF MINNESOTA. So you believe that the immunity under CPA Order 17 should stand?

Mr. PRINCE. I believe so. I am not sure any foreigner would get a fair trial in Iraq right now. I think they would at least get a fair trial here in the United States.

Ms. MCCOLLUM OF MINNESOTA. Your charts indicate that contractors are accountable under the Uniform Code of Military Justice. Your contractors work for the Department of State. Is the Department of State accountable under the Uniform Code of Military Justice?

Mr. PRINCE. I will not be presumptuous to answer for the Department of State, ma'am.

Ms. MCCOLLUM OF MINNESOTA. Well, you have provided this. You told Mr. Braley that all your employees are under this chart. So then you are saying that——

Mr. PRINCE. Well, ultimately that is for the Justice Department to decide which avenue of jurisdiction they have.

Ms. MCCOLLUM OF MINNESOTA. So this is just what you feel that people might be held under accountability with your contract? This is just a feeling you have? You don't know any of that for a fact, do you?

Mr. PRINCE. I have legal opinions that I respect, put that together and they gave their opinions that those were laws that State Department contractors, DOD contractors, contractors for the U.S. Government could be held accountable under.

Ms. MCCOLLUM OF MINNESOTA. So whether it is a feeling or an opinion, you cannot state for a fact, for a fact, that any of your contractors that have a State Department contract can be held accountable under the Uniform Code of Military Justice?

Mr. PRINCE. That is correct, ma'am, because that is for the Justice Department to decide.

Ms. MCCOLLUM OF MINNESOTA. I think that is important to clear that up. Do you operate in a military capacity or a civilian capacity?

Mr. PRINCE. Civilian capacity.

Ms. MCCOLLUM OF MINNESOTA. So now you are saying that civilians——

Mr. PRINCE. Our men are not serving members of the U.S. military.

Ms. MCCOLLUM OF MINNESOTA. So you are saying that civilians can be held accountable to the Uniform Code of Military Justice in your opinion?

Mr. PRINCE. And I believe that is why they extended that, not just to wars that were declared but also to contingency operations as well.

Ms. MCCOLLUM OF MINNESOTA. To your knowledge, have there been any military courts or civilian courts that have held any of the contractors who have been charged or been accused of a crime in Iraq?

Mr. PRINCE. It is my understanding there is a conviction of a contractor that was working for the CIA that was convicted in North Carolina for actions in Afghanistan.

Chairman WAXMAN. The gentlelady's time is expired.

Ms. MCCOLLUM OF MINNESOTA. Thank you, Mr. Chairman. Thank you for answering my questions. I appreciate it.

Chairman WAXMAN. Mr. Jordan.

Mr. JORDAN. Thank you, Mr. Chairman.

Mr. Prince, I too want to thank you for your service to our country and for the good work that your company has been doing in Iraq and Afghanistan.

I just want to pick up on a couple of things that the Congressman from North Carolina had talked about, just some general questions. I know you have been sitting there for 3 hours. Just a few questions, then I am going to yield some time to the gentleman from California.

How many employees, you mentioned before a little bit earlier, 1,000 in the field, 50 administrative, but does that represent the entire work force at Blackwater?

Mr. PRINCE. We have about 550 full-time folks in the United States, 1,000, 1,100 or so in Iraq, and then hundreds more in little pockets around the world. The next greatest concentration would obviously be Afghanistan, there are about 300, 400 there.

Mr. JORDAN. So a couple of thousand?

Mr. PRINCE. More or less, yes, sir.

Mr. JORDAN. And you mentioned the extensive training, some of the special operations individuals who come to work for you after they leave military service and the training they undergo, I believe you said earlier that there was a study done that shows there is no higher exit rate, or quicker exit rate, we will say, because of your company versus what typically happens. Is that true?

Mr. PRINCE. Right. It was a GAO study and it was not just directed at us, it was directed at the private security industry.

Mr. JORDAN. And real quickly, in your testimony, your opening paragraph, you talk about you provide training to America's military and law enforcement communities who then risk their lives to protect Americans in harm's way overseas. So are there several types of contracts that your company does? You do training contract with the Government, protective contracts, or do you do one contract per year? Tell me how those work.

Mr. PRINCE. We have a number of different contracts. We never started this operation to be a security provider. We started as a training facility. The SEAL teams, special forces, Marine recon, SWAT teams, those were our customers for the first few years. The Navy came after the Cole was blown up. We have trained well over 100,000 sailors since then on how to protect their ships.

Through one of our affiliates, we do aviation support in Afghanistan.

Mr. JORDAN. Mr. Prince, how many contracts would you have right now with the Federal Government? Any idea?

Mr. PRINCE. More than 50.

Mr. JORDAN. OK.

Mr. PRINCE. Some are very small, some are very big.

Mr. JORDAN. Again, I want to thank you for your service. And Mr. Chairman, if I could yield to the gentleman from California.

Mr. ISSA. I thank the gentleman.

I just wanted to point something out, Mr. Prince. Did you see the memorandum dated October 1st, that is yesterday, that is entitled

Additional Information about Blackwater USA? It comes out of Mr. Waxman's office, it is 15 pages.

Mr. PRINCE. I did see that, yes.

Mr. ISSA. OK. Did you note that on page 5, Mr. Waxman and/or his staff said the following: "Blackwater is owned by Erik Prince. Mr. Prince is a former Navy SEAL who owns the company through a holding company." After that, it begins to talk about the White House, your father, your father-in-law, your sister, etc., and basically talks about everything I asked you, the Michigan Republican party, the donations.

So Mr. Chairman, hopefully you will appreciate that it was your staff that created everything that I brought up, and you put it out in writing 1 day before this hearing. My question to you, Mr. Prince, is have you ever seen a bio about your life that starts off, you were a Navy SEAL and then goes on to everything your sister did on behalf of the Michigan party and your Republican credentials? Is this the first time you have seen a bio like this?

Mr. PRINCE. I love my sister very much, but it is not often our bios get printed together. [Laughter.]

Mr. ISSA. And you know, it is interesting, because I am noticing that for this committee, a donor search done on September 29th, at opensecrets.org, was done to find out how much money you gave to who. Did you know that?

Mr. PRINCE. I did not know that.

Mr. ISSA. Do you think that is really germane to today, or do you think that attempts to paint you as a Republican supporter?

Mr. PRINCE. I don't think it is germane to today. I think we do good work and I am mighty proud of the folks we have doing the work.

Mr. ISSA. OK, I heard a rumor that your company or someone in your company had given to the Green Party. Do you know about that?

Mr. PRINCE. It could have been.

Mr. ISSA. OK. I just wanted to know that there were people on both the far left and the far right relative to the chairman who may have benefited by your company.

But Mr. Chairman, I would ask that page 5 of your memo be considered as what I called it, an attempt to pain this gentleman and his company through Republican eyes to a Democrat base for political purposes. And I stand by my statement, Mr. Chairman, and yield back to the gentleman from Ohio.

Mr. DAVIS OF VIRGINIA. Could I just ask one clarification, Mr. Chairman?

Chairman WAXMAN. Yes.

Mr. DAVIS OF VIRGINIA. Your first contract, Mr. Prince, Government contract, was in 1997, wasn't it?

Mr. PRINCE. Yes. Well, no, our first customer, we started the business in 1997, first customer was January 1998.

Mr. DAVIS OF VIRGINIA. First Federal customer——

Mr. PRINCE. That was the SEAL team.

Mr. DAVIS OF VIRGINIA [continuing]. That was under the Clinton administration?

Mr. PRINCE. Yes, sir.

Mr. DAVIS OF VIRGINIA. Thank you.

Chairman WAXMAN. The gentleman's time has expired.

I would like to now recognize Mr. Cooper.

Mr. COOPER. Thank you, Mr. Chairman.

Mr. Prince, in the charter or by-laws of your corporation, either the holding company or Blackwater, does it say explicitly that it will only work for the United States of America or its entities?

Mr. PRINCE. No, it doesn't. If I could clarify, anything we do for any foreign government, any training, of anything from law enforcement training to any kind of aviation training, tactical flying, any of that stuff, all of that is licensed back through the State Department, another part of the State Department.

Mr. COOPER. But you are the owner of the company, the CEO. If limitations like this are not in the charter and by-laws, isn't there a risk that should something happen to you that different management, in order to maximize profits, might seek contracts from any number of other foreign countries, like of Vladmir Putin offered a lot of money, why would you want to turn that down as a business entity?

Mr. PRINCE. Because we would be violating Federal law and the whole place could be shut down very, very quickly.

Mr. COOPER. But you are assuming a State Department license would apply.

Mr. PRINCE. Oh, it does.

Mr. COOPER. You are a regular, private company. You can——

Mr. PRINCE. No, sir, I am sorry. We have to have a license to train——

Mr. COOPER. I am not talking about training other people's private police. Say you took some of your former people who were former Navy SEALs, special forces, whatever, and they were working for hire, what prevents you in your current company charter or by-laws, prevents you from hiring out those people to foreign governments?

Mr. PRINCE. U.S. Federal law does.

Mr. COOPER. Which law?

Mr. PRINCE. Defense Trade Controls Act. Any training, any security services, any export of any weapons, any equipment you would use to do that job requires a license. And on top of that, this idea that we have this private army in the wings is just not accurate. The people we employ are former U.S. military and law enforcement people, people who have sworn the oath to support and defend the Constitution against all enemies, foreign and domestic. They bleed red, white and blue. So the idea that they are going to suddenly switch after having served honorably for the U.S. military and go play for the other team, it is not likely.

Mr. COOPER. But these are independent contractors or employees, they are supposed to do what they are told. And is your omission of this key bit of information from the charter or by-laws only due to the fact that it would be redundant? If it is assumed, why don't you go ahead and put it in the charter and by-laws that these people, this company will only work for the United States of America and its entities? Why wouldn't that be a nice addition to the charter and by-laws?

Mr. PRINCE. That wouldn't make any sense, because we have NATO allies helping in Afghanistan, helping the U.S. mission

there. And there might be opportunities for us to support, provide them with training or aviation support or logistics or construction, a lot of other things that allies need, especially as the United States is trying to build capacity around the world. There are a lot of countries that need help building out their police departments, giving them more counter-terrorism capability.

Mr. COOPER. Twenty-six NATO allies. So you could work for any of them?

Mr. PRINCE. Twenty-six NATO allies, but more and more, the United States is doing FID missions, foreign internal defense. We have done a number of successful programs for them working with the U.S. Government, where they hire us, we go in and we build that capacity and train them and provide the equipment, all of which is licensed by the State Department. When we apply for that license, it goes to the State Department and they farm it out to the relevant part of the DOD to control and authorize that licensing. What is the curriculum going to be, what tactics, even down to which individual in which country is going to be trained, so they can do a check on them. So that is all controlled by the U.S. Government already, sir.

Mr. COOPER. On your Web site, it says that you were contracted to enhance the Azerbaijan Naval Sea Commandos Maritime Interdiction capability. Is Azerbaijan a member of NATO?

Mr. PRINCE. No, but that was paid for by the U.S. Government.

Mr. COOPER. Well, let me ask another question.

Mr. PRINCE. It was part of their regional engagement policy. I don't make that policy, sir.

Mr. COOPER. Wouldn't it be nice to put in your charter and by-laws that you only work for United States or U.S.-approved entities? Why would that be harmful to your company?

Mr. PRINCE. We would be happy to do that. But it is absolutely redundant, because we can't work for someone that is not U.S.-approved.

Mr. COOPER. Redundancy is a small objection to making sure that you are a loyal U.S. company.

Let me ask another question. What if a large company inside the United States of America wanted to hire your company for services, say, to break a strike or for other purposes like that? Is that allowed under your charter and by-laws?

Mr. PRINCE. That is not something we have even explored.

Mr. COOPER. But it would be permissible under your current company charter? It is a new line of business possibly?

Mr. PRINCE. No.

Mr. COOPER. It might be very profitable?

Mr. PRINCE. It is not something we are looking at, not part of our strategic plan at all, sir.

Mr. COOPER. I know, but you are a mortal human being. Your company would allow it, according to its current charter and by-laws?

Mr. PRINCE. Well, I have five boys I am raising, so one of them perhaps will take over some day.

Mr. COOPER. Why not put it in the charter and by-laws? Thank you, Mr. Chairman. I see that my time is expired.

Chairman WAXMAN. Mr. Cooper, your time is expired.

Mr. Hodes.

Mr. HODES. Thank you, Mr. Chairman.

Mr. Prince, thank you for being with us today.

Mr. PRINCE. Thanks for having me sir. I am glad I could come here and correct some facts.

Mr. HODES. There has been some discussion from the other side of the aisle about whether or not these hearings are partisan. Do you agree that it is not a partisan issue to examine whether or not the use of private contractors, including Blackwater, is advantageous to American taxpayers?

Mr. PRINCE. It is certainly part of the Congress to make sure the money is spent well that taxpayers pay.

Mr. HODES. And do you also agree that it is not a partisan issue to inquire whether failures to hold Blackwater personnel accountable for misconduct undermine our efforts in Iraq?

Mr. PRINCE. It is a fair enough thing to look into.

Mr. HODES. Earlier today you were asked what action Blackwater took to penalize an employee who while drunk, shot and killed and Iraqi security guard for the Iraqi vice president on Christmas Eve of 2006. Do you recall those questions?

Mr. PRINCE. Yes, sir.

Mr. HODES. And you responded that Blackwater fired and fined the employee, but you are not sure of the amount of the fine. Do you recall that?

Mr. PRINCE. Yes, sir.

Mr. HODES. Blackwater, at the committee's request, provided the committee an internal Blackwater e-mail that appears to reflect a discussion of what Blackwater did to this employee. It is dated Monday, January 8, 2007, approximately 2 weeks after the incident in question. And it says, "Regarding termination, he has forfeited the following compensation that he would have otherwise been authorized: return airfare, $1,630; completion bonus, $7,067; 4th of July bonus, $3,000 and a Christmas bonus of $3,000." Now, it appears to me that the so-called fine consisted of taking away the contractor's bonuses and making him pay his own way home. Is that accurate?

Mr. PRINCE. And any forthcoming compensation that he had. I don't know when the guy's contract would have ended, but yes, we took away whatever else we could.

Mr. HODES. How long had he worked for your company?

Mr. PRINCE. I have no idea.

Mr. HODES. Do you know what he had been paid during the time of his employment up to the time he shot and killed the Iraqi guard?

Mr. PRINCE. I have no idea, sir.

Mr. HODES. Do you have any idea what your profit on that employee had been up until the time of this incident?

Mr. PRINCE. Probably in keeping with the 10, 10½ percent indicated on our chart.

Mr. HODES. Would you have records that would show us what you had paid him up until that time and from which we could find out what profit you had made?

Mr. PRINCE. I am sure we could dig through that and find it, yes, sir.

Mr. HODES. And would you be willing to provide that to us?

Mr. PRINCE. I will get my people right on it.

Mr. HODES. I am asking for it now, so I would like to have that sent. Thank you very much.

Chairman WAXMAN. Without objection, the document you used for your questioning will be made part of the record.

Mr. HODES. Thank you.

[The information referred to follows:]

[582]
[redacted]

From: [redacted] [474]
Sent: Monday, January 08, 2007 1:33 PM
To: [redacted] [503]
Cc: [redacted] [320]
Subject: RE: [redacted] Termination
[583]
[503]
[redacted]

Thank you - I will pass to legal for record.

Sincerely,
[redacted]
[474] Department of State Programs
703-[redacted]

From: [redacted] [503]
Sent: Monday, January 08, 2007 1:30 PM
To: [redacted] [474]
Cc: [redacted] [318]
Subject: [redacted] Termination
[503] [583]
[redacted]

[583]
Regarding [redacted] termination he has forfeited the following compensation that he would have otherwise been authorized:

Return Airfare: $1,630.00
Completion Bonus: $7,067.00
Fourth of July Bonus: $3,000.00
Christmas Bonus (2006): $3,000.00
[583]
[redacted] total cash penalty for an alcohol related incident is $14,697.00 and he has been denied the ability to work on this program.

Please advise if you need further information.

Regards,

[redacted] [503]

Mr. HODES. Mr. Prince, you also said that Blackwater is extremely scrupulous in enforcing your standards. And you have told us that you did basically all you could to this employee and that the rest was up to the Department of Justice. What you did was you took away his bonuses, July 4th, completion bonus, Christmas bonus, he paid his own way home and he couldn't work for you any more.

Mr. PRINCE. And made sure his clearance was canceled as well.

Mr. HODES. Is that your idea, Mr. Prince, of corporate accountability?

Mr. PRINCE. Could you say the question again, sir, please?

Mr. HODES. Is that your idea, Mr. Prince, of corporate accountability?

Mr. PRINCE. This employee, I can't make any apologies for what he did. He clearly violated the rules that he knew. We give each of our guys an independent contractor handbook. It is all the dos and don'ts of what they are expected to do and not do.

Beyond firing him for breaking the rules, withholding any funds we can, we can't flog him, we can't incarcerate him, we can't do anything beyond that. That is the sole reservation of the U.S. Justice Department.

Mr. HODES. The Justice Department has not acted against this individual?

Mr. PRINCE. I believe their investigation is ongoing.

Mr. HODES. They haven't done anything so far, right?

Mr. PRINCE. We are not privy to that information, sir.

Mr. HODES. This was a potential murder, was it not?

Mr. PRINCE. It was a guy that put himself in a bad situation.

Mr. HODES. Would you agree with me that this was potentially a murder, sir?

Mr. PRINCE. Beyond watching detective shows on TV, sir, I am not a lawyer, so I can't determine whether it would be a manslaughter, a negligent homicide, I don't know. I don't know how to nuance that. But I do know he broke our rules, he put himself in a bad situation and something very tragic happened.

Chairman WAXMAN. Thank you, Mr. Hodes.

Mr. Sarbanes.

Mr. SARBANES. Thank you, Mr. Chairman.

Actually, I want to followup on that line of questioning a little bit more. I think you said that when people violate the rules in a significant way, they have one decision left to make, which is aisle or window, right?

Mr. PRINCE. Because they are fired.

Mr. SARBANES. They are on their way out, they have one decision, and that is whether to sit on the aisle or sit by the window.

And then the other consequence that Mr. Hodes spoke to was the financial penalty that they would experience. But it just seems like a few thousand dollars, particularly against a pretty lucrative contract that they would have had. And it strikes me that if that is the only deterrent that is at work in terms of people performing at a high level, that is not much. In other words, you can say, well, let me get in here, let me make a good living here. And if I screw up, and if I screw up in a terrible way, as this one incident illustrates, then the worst that is going to happen to me is I am going

to have to choose between an aisle seat or a window seat and maybe give up a bonus and my last paycheck, I mean, that is essentially the consequence that they face, isn't that right?

Mr. PRINCE. I would also add that we endeavor to get their security clearance pulled, canceled. And once that is done, they will never work in a clearance capacity for the U.S. Government again, or very, very unlikely.

Mr. SARBANES. OK. But you would agree that it is not, it doesn't have the same kind of deterrent effect that it would have if they thought that they were going to be subject to prosecution, if there was a clear set of rules in place, a clear context in which they could be prosecuted, they could face something akin to a court martial, or all the other kinds of measures that can occur if you are in a traditional military setting? You would agree that provides an extra level of deterrence?

Mr. WESTMORELAND. Mr. Chairman, I think the witness has already testified that he did everything that his company could to this person——

Chairman WAXMAN. I'm sorry——

Mr. WESTMORELAND [continuing]. And that he is not the prosecutor.

Chairman WAXMAN [continuing]. You are not acting in accordance with the rules.

Mr. SARBANES. Well, I am actually, I am headed in the direction——

Chairman WAXMAN. This is not a court case. The gentleman has time and I am going to restore his time. He can ask whatever he wants and to say whatever he wants. Some people on this committee have said completely outlandish things. Nothing we can do about it. They have their right, including you. You read a whole blasphemous statement about Democrats, but no one objected to that.

So the gentleman is going to be recognized for an additional minute.

Mr. SARBANES. In any event, would you agree that would provide some extra deterrence, some extra reason for people to exercise their conduct in a careful way?

Mr. PRINCE. We welcome that level of accountability. Most of our people have already served in the U.S. military or they served in a law enforcement capacity. They are used to that kind of accountability and transparency into what they are doing.

Mr. SARBANES. Well, I appreciate your saying that, because I——

Mr. PRINCE. We are not hiding anything.

Mr. SARBANES. Yes. I would like to leave aside the question of whether you should be, Blackwater should be in this space that you are in. I don't know enough about the history of whether providing the sort of protective services that you do is something that isn't done by the military traditionally, or is. So I am going to leave that aside. I am also leaving aside the issue of the cost, which strikes me as exorbitant, in terms of what the taxpayers are paying here. You keep calling for, I think, an activity-based cost analysis or assessment, which I think we would be happy to get more information about. I have to believe there is a less expensive way, even to hire private contractors like yourself.

And so I am really left with the accountability issue as the one that strikes me as front and center here. And as I have listened to your testimony, in particular you are saying with respect to this one person who was drunk and committed this homicide, I will characterize it that way, I think you said you would be happy to see that person prosecuted, something akin to that. And I would like to enlist you as an advocate to strengthen whatever the rules of engagement are, whatever the statutes are that are out there. Mr. Braley took us through these various things and you indicated that you weren't sure whether each of those necessarily reached as far as they could in providing that kind of penalty environment. I would like you to speak to whether it would be a good thing to make sure that it does.

Mr. PRINCE. I believe Congressman Price from North Carolina has been pushing to amend some of that language. And we support that fully.

Mr. SARBANES. Thank you.

Mr. COOPER [presiding]. The gentleman yields back his time.

The next questioner on the list from the chairman looks like Mr. Welch.

Mr. WELCH. Thank you, Mr. Chairman.

Mr. Prince, thank you for coming. I want to ask a few questions about the finances. My understanding is that Blackwater had contracts with the Federal Government in 2001 in the amount of $736,000.

Mr. PRINCE. It could easily be, yes, sir.

Mr. WELCH. And in 2006, that number had exploded to $593 million.

Mr. RYAN. May I have just 1 minute, please?

Mr. PRINCE. I am not sure.

Mr. WELCH. Well, you don't dispute it. This is what is in the report that was referred to earlier.

Mr. PRINCE. Well, some of the later years on that report aren't quite accurate. So I am not going to discount the whole thing.

Mr. WELCH. OK. According to the report, 51 percent of the Blackwater contracts were no-bid contracts, $493 million that were explicitly no competition, and $30 million were awards after limiting or excluding qualified bidders. Is this more or less correct? Any reason to dispute it?

Mr. PRINCE. It could be, sir. I don't know.

Mr. WELCH. All right. And since 2003, when the war began, Blackwater contracts have exceeded $1 billion, correct?

Mr. PRINCE. I don't know the answer, sir. If you have specific questions on financials, we will get you the answers.

Mr. WELCH. Well, these are facts that are in the record. You can check them out. But I will just advise you——

Mr. PRINCE. Well, there is some stuff in the committee's report that is not accurate. So I can't agree to the entire committee report.

Mr. WELCH. Let me continue going through this. One of the concerns that has been expressed is that a sergeant who provides security services in a full military setting is paid $50,000, $60,000. If it is an employee from Blackwater, the cost to the taxpayer is about $445,000. Is that more or less correct?

Mr. PRINCE. Could I have a copy of what you are reading from, at least?

Mr. WELCH. Well, you have been asked about this by several Members already. Let me just continue.

Let's talk a little bit about training. You were a SEAL and served with distinction, as I understand it, as a SEAL, correct?

Mr. PRINCE. Yes.

Mr. WELCH. And your training as a SEAL was beneficial to you in the work that you are doing now as the head of this company?

Mr. PRINCE. It helped form me in my life, absolutely.

Mr. WELCH. And you had also I think indicated that Blackwater hires our military veterans and law enforcement veterans, many of whom have recent military deployments, correct? It makes sense to do that?

Mr. PRINCE. Yes.

Mr. WELCH. So it is fair to say that Blackwater as a company in recruiting personnel has benefited from the taxpayer-financed training of people that Blackwater hires, correct?

Mr. PRINCE. We have people that have prior honorable military service and provide them an opportunity to use those skills again at their highest and best use.

Mr. WELCH. And it is fair to say that Blackwater contracts have in fact surged since 2003 when the war began, correct?

Mr. PRINCE. The nature of the security environment around the world has changed, yes.

Mr. WELCH. And it is true, or is it true that as reported by the Center for Responsive Politics, you did make, as you have a right to make, contributions of $225,000 to the, that include $160,000 to the Republican National Committee and the National Republican Campaign Committee?

Mr. PRINCE. I don't know that sitting here right now. Again, I can go back and dig through our contribution records to figure out exactly what we gave in what period.

Mr. WELCH. Well, that is the report that we have been given. And again, you have a right to do that. My concern is the nature of the contracts.

Now, you are also aware that General Petraeus, who is in command of 160,000 troops, is paid by taxpayers $180,000 for the extraordinary responsibilities that he bears for our security in Iraq, correct?

Mr. PRINCE. I don't know what General Petraeus gets paid.

Mr. WELCH. Well, that is what it is. Blackwater has 861 or so personnel, according to this report in 2006, in Iraq. Is that more or less right?

Mr. PRINCE. It could be, yes, sir.

Mr. WELCH. All right. General Petraeus is paid $180,000 for supervising 160,000 troops. How much were you paid in 2006?

Mr. PRINCE. I'll get back to you with that exact answer. I don't know.

Mr. WELCH. Well, you can give me an estimate.

Mr. PRINCE. More than $1 million.

Mr. WELCH. Well, as I remember, when my colleague, Mr. Hunter, asked you about your contracts, you indicated 90 percent

of your Blackwater contracts came from the Federal Government, correct?

Mr. PRINCE. Yes.

Mr. WELCH. I.e., the taxpayer. And he asked you what your profit margin was, and my recollection of your testimony today was about 10 percent?

Mr. PRINCE. That is what the report that we submitted to the committee says, yes.

Mr. WELCH. So walk through the math with me. If Blackwater has had $1 billion in contracts since the war began in 2003, and there is a 10 percent profit margin, that is $100 million in profit, is it not?

Mr. PRINCE. This is representative of one of the WPPS contracts. Some contracts we lose money on, some we lose all kinds of money on. Some we make money on.

Mr. WELCH. Mr.——

Mr. PRINCE. Understand we have significant variables.

Mr. WELCH. You were asked a question and you gave an answer. And the question was very simple. It is the kind of question that a CEO pays real attention to: what is your profit margin. Your answer was, 10 percent. I am doing the math, $1 billion, 10 percent, $100 million.

Mr. COOPER. The gentleman's time is expired.

Mr. PRINCE. Some contracts we lose money on. Losing three helicopters this year is certainly beyond the scope of math.

Mr. COOPER. The next questioner is Mr. Murphy.

Mr. MURPHY. Thank you very much, Mr. Chairman.

Let me just followup on Mr. Welch's question. Certainly, as a CEO of a company, you can tell us what your profit has been in the past several years as a company.

Mr. PRINCE. I can give approximate numbers, but we are a private company. And I am sure it is the Congress's main interest in maintaining healthy competition amongst Government vendors. So we are a private company, and there is a key word there, private.

Mr. MURPHY. And so you will not disclose to us what the profit, what the annual profit or——

Mr. PRINCE. No, that is not what I just said. We gave you an example of what the profitability of a WPPS contract looks like. But I am not going to go into our full financials.

Mr. MURPHY. And I guess, I am a new Member of Congress, but as a representative of my constituents that pay 90 percent of your salary, pay 90 percent of the salaries of your employees, I think it is a little difficult for us to fathom how that information isn't relevant to this committee or this Congress.

Mr. RYAN. Mr. Chairman, may I have a minute with the witness, please?

Mr. COOPER. Yes.

[Witness and counsel confer.]

Mr. PRINCE. I am sorry. Go ahead.

Mr. COOPER. Mr. Murphy has 4 minutes left. The hearing will resume.

Mr. MURPHY. Thank you, and I want to wrap up so Mr. Lynch can ask some questions before we break. So let me ask the question again after your consultation with your colleague. It is your posi-

tion that you don't believe that it is in the best interests of your company or this committee to have discussions with the U.S. Congress about the profit that you make off of U.S. Government contracts?

Mr. PRINCE. We can have that discussion, but I am not fully prepared, sitting here today, to answer each and every one of your questions down to that level of detail.

Mr. MURPHY. I am not asking for a level of detail. I am asking for an approximation of your annual profit, based on the fact that you make 90 percent of your money from U.S. taxpayers.

Mr. PRINCE. Again, we will come back to you. If you have written questions, we will give you written answers after the hearing is done.

Mr. MURPHY. Because you testified today that you are not sure of that number?

Mr. PRINCE. I am not sure of that number. How can I calculate in depreciation on assets when our helicopters parked around near the embassy in Baghdad get hit by rockets all the time, that they get fragged, that three of them have been shot down? There is a whole host of variability to our profitability, depending on when an asset is expended or destroyed.

Mr. MURPHY. Mr. Prince, I am not a businessman. But I find it pretty hard to believe that the CEO of a major company in this country, whether it be privately financed or publicly financed, can't give an approximation of your annual profit on a year to year basis.

Mr. PRINCE. I think when the committee meets with any of my finance folks, they will tell you I am not a financially driven guy.

Mr. MURPHY. Let me just ask one other quick question before I yield back. You made a comment before that you had a handful of third country nationals working for you. And not to disparage the need to have third country nationals working for the company, but I just want to get a better handle on what a handful has. The memo that we have before us, and I understand you draw issue with some of those numbers, so I want to get it straight, suggests that of the 861 Blackwater personnel in Iraq today, 243 of them are third country nationals. Does that sound right?

Mr. PRINCE. Your best bet is drawing off of page 1 of what we submitted to the committee, where it says, "UCTCN or HCN."

Mr. MURPHY. What percentage of those serving in Iraq under Blackwater are third country nationals? By your numbers. Because by our numbers, it is just less than one third, which doesn't sound like a handful. That sounds like one third of all your personnel are not U.S. citizens.

Mr. PRINCE. Well, I am looking at one here. It shows 576 United States, 129 TCN and 16 locals.

Mr. MURPHY. So again——

Mr. PRINCE. So divide 129 by 576 and you get your percentage.

Mr. MURPHY. OK. Sounds like a little bit more than a handful, but I appreciate your testimony and I yield back.

Mr. COOPER. The gentleman yields back his time. The next questioner is Mr. Lynch.

Mr. LYNCH. Thank you, Mr. Chairman. And I want to thank the witness for his perseverance here today and for helping the committee with its work.

We have heard a lot today about the loss of accountability when an inherent Government function, in this case duties that are incidental to the prosecution of war, are subcontracted out to private entities. And as Mr. Shays and Mr. Platts have mentioned earlier, my Republican colleagues, I also have had an opportunity to view first-hand on more than a few occasions the work of Blackwater employees. I would guess that in the dozen or so occasions when I have traveled with my colleagues to Iraq and Afghanistan, your area of operations, principally, I would bet at least half of those times, or at least a portion of time there, we have been protected by Blackwater employees.

And based on my own personal experience, I have to say, from personally what I have seen, and what I have experienced, those people who were protecting us who were Blackwater employees did a very, very good job. I have to give you credit for that. They are brave employees, brave Americans in a very hostile environment.

I find myself right now with this committee having a difficult time criticizing those employees, because I am in their debt. That is a very hostile environment and they do a good job on our behalf.

Which brings me to my problem. If I have a problem criticizing Blackwater and criticizing the employees and some of the times that you have fouled up, what about the State Department? The State Department employees, you protect them every single day. You protect their physical well-being, you transport them, you escort them. And I am sure there is a heavy debt of gratitude on the part of the State Department for your service.

And yet they are the very same people who are in our system responsible for holding you accountable in every respect with your contract and the conduct of your employees. And I know from my own experience, in the time there, that is an impossible conflict for them to resolve.

I have here in my possession, I am going to ask that they be entered into the record in a minute, some internal e-mails from the State Department. These documents that the committee has received raise questions again about the State Department's oversight of Blackwater's activities under the contract. Even in the cases involving the death of Iraqis, it appears that the State Department's primary response was to ask Blackwater to make monetary payments to—this is from the e-mails—"to put these matters behind us," that is, the deaths of Iraqi civilians, "rather than to insist upon accountability or to investigate Blackwater personnel for potential criminal liability." The most serious consequence faced by a Blackwater personnel for misconduct appears to be termination of their employment.

Even though Secretary of State John Negroponte asserted that every incidence in which Blackwater fires its weapons is "reviewed by management officials to ensure the procedures were followed," the documents that we have before the committee don't indicate that. I do have some e-mails, though. And this one is dated—I will ask these to be entered into the record, Mr. Chairman.

Mr. COOPER. Without objection, so ordered.

[The information referred to follows:]

FB25

DS HTPOPS

From: [redacted]@blackwaterusa.com]
Sent: Thursday, April 12, 2007 1:28 PM
To: DS HTPOPS
Cc: [redacted]
Subject: FW: From RSO Al-Hillah

H
c-6
Dc

[redacted]

Provided below is an e-mail chain of the pay out that was requested from Blackwater by the RSO's for the incident with [redacted] c-6

I am still looking for more.

Sincerely,
[redacted]
ALSS / DLPM
Blackwater USA

-----Original Message-----
From: [redacted]
Sent: Wednesday, July 06, 2005 1:09 PM
To: [redacted]@state.gov'; [redacted]; '[redacted]'
Cc: '[redacted]@state.gov'; '[redacted]'; '[redacted]'; '[redacted]';
[redacted]; [redacted]; DS HTPOPS
Subject: FW: From RSO Al-Hillah

[redacted],

rry for the delay in getting back to you on this. I support you 100% on this issue. e EVP is in WASH DC on business today. He will be back tomorrow at which time I will express my support of your funds to be provided to the family.

Don't hesitate to contact me if needed.

[redacted]

[redacted]
Vice President
Department of State Programs
Blackwater USA
PO Box 1029
Moyock, NC. 27958
office: [redacted]
fax: [redacted]
email: [redacted]@blackwaterusa.com

-----Original Message-----
From: [redacted]
Sent: Friday, July 01, 2005 5:09 AM
To: [redacted]@yahoo.com
Cc: [redacted]@msn.com
Subject: FW: From RSO Al-Hillah

Dc-

-----Original Message-----
From: [redacted]
Sent: Friday, July 01, 2005 11:17 AM
> To: [redacted] (Al Hillah)
> Subject: FW: From RSO Al-Hillah
>

Dc

>
> FYI
> -----Original Message-----
> From: JDC
Sent: Friday, July 01, 2005 3:12 AM
To: [redacted] (Baghdad)
Cc: [redacted] (Baghdad); [redacted] (Al Hillah RSO);
> [redacted] (Baghdad)
> Subject: RE: From RSO Al-Hillah
>
> Gentlemen: allow me to second [redacted] comments on the need for
> Blackwater to provide funds asap. For all the reasons enunciated in
> the past, we are all better off getting this case - and any similar
> cases - behind us quickly. Again, the Department needs to promptly
> approve and fund an expedited means of handling these situations.
> Thanks, [redacted]
>
>
> From: JDC
> Sent: Friday, July 01, 2005 10:22 AM
> To: [redacted] (Baghdad)
> Cc: [redacted] (Baghdad); [redacted] (Al Hillah RC)
> Subject: From RSO Al-Hillah
>
> This morning I met with the brothers of the adult Iraqi male who was
> killed by a gun shot to the chest at the time/location where the PSD
> team fired shots in Al-Hillah on Saturday, June 25, 2005. This is the
> case involving the PSD personnel who failed to report the shooting,
> covered it up, and subsequently were removed from Al- Hillah.
>
> I expressed my condolences regarding their brother's death. The
> victim's brother's told me the victim had 6 children who are now
> orphans with nobody to provide for them. The brothers were also upset
regarding the fact their brother was killed as an innocent person
standing on the side of the street. The victim's brothers were
> polite, understanding, and well dressed. However, their grief was
> apparent.
>
> The victim's brothers want to resolve this matter quickly. I agree
> with this.
>
> I am working with my usual Iraqi Police contacts, who are in contact
> with senior Iraqi Police leadership regarding this matter. It is in
> everybody's best interest to resolve this matter quickly and do the
> right thing by the victim's family.
>
> I request your assistance in sending me $5,000.00 USD as
> compensation. $3000.00 USD is the usual amount paid by U.S. military
> civil affairs, and an additional $2,000.00 is appropriate given the
> nature of the incident - as it is the random death of an innocent
> Iraqi citizen. There is also the fact the PSD failed to report this
> incident, causing the family additional pain.
>
> The sooner we make the payment the better. $5,000.00 within the next
> day will mean more to the family then $5,000.00 two or three weeks
> from now.
>
> I understand there are procedures to get money which might take time.
> I recommend getting the money from the PSD contractor - it is in their
> best interest as well. I have already contacted the Blackwater Mgt on
> this end, requesting the send this up their chain. I request your
assistance in pursuing this matter from Baghdad as well. In the past
the contractor has made similar payments, which were not billed to the
contract. This should be one of those occasions. They have the money
> on hand and can get it here quickly. Upon receiving the money, I will
> handle the compensation in my usual manner with documentation and
> receipts.

>
> I hope we can put this unfortunate matter behind us quickly.
>
>

[redacted] [474]

From: [redacted] (Baghdad) [redacted]@state.gov]
Sent: Tuesday, December 26, 2006 5:39 AM
To: [redacted]R(DS/IP/OPO/HTP)
Cc: [redacted] (Baghdad); [redacted] (Baghdad); [redacted] (Baghdad)
Subject: FW: follow up on incident

[redacted]

[428]

I'm sure you have heard about our ongoing crisis. We (Army CID and DSS agents [redacted]) have done the interviews with the guy and are working on the investigation. He was put on the plane earlier today to get him out of the AO. [redacted] has touched base with BW back in Moyock and they are willing to come up with some sort of monetary settlement. As you can see from the chain below, that point [redacted] is on board with this and wants to [redacted] [redacted] was talking some crazy [redacted] Originally [redacted] and [redacted] and I of course think [redacted] [redacted] paid out $2500 for a destroyed car and in the instance $5000 for a guy's car [redacted] would to the [redacted] [redacted] would like for BW [redacted] back [redacted] to work with you guys and perhaps DS Legal to determine an appropriate figure, keeping in mind the precedent it might set and the legal implications. BW is already working on a letter of condolences to go along with the compensation package.

As you can imagine this has serious implications. This was an unfortunate event but we feel that it doesn't reflect on the on the overall Blackwater performance. They do an exceptional job under very challenging circumstances. We would like to help them resolve this so that we can continue with our protective mission. Your assistance is appreciated.

Sorry to drop this in your lap right after Christmas. Hope you had a nice holiday.

Best regards [redacted]

[redacted] Special Agent

High Threat Protection - Operations

[redacted]@state.gov

[redacted]

De Oppresso Liber

From: [redacted] (Baghdad)
Sent: Tuesday, December 26, 2006 8:15 AM
To: [redacted] (Baghdad)
Cc: [redacted] (Baghdad); [redacted] (Baghdad)
Subject: RE: follow up on incident

[redacted] with Mehdi is today at 1100 hours. I am going.

HOC008594

Yes, I will follow up with Blackwater. Thank you

[redacted] as we discussed with them yesterday, it is a very good idea for them to do this. Would you contact him and ask if he spoke to his HQ. We would need to make the offer quickly to minimize the possible fallout.

[redacted]

From: [redacted] (Baghdad)
Sent: Monday, December 25, 2006 11:09 PM
To: [redacted] (Baghdad)
Cc: [redacted] (Baghdad)
Subject: follow up on incident

[redacted]

Will you be following in up Blackwater to do all possible to assure that a sizeable compensation is forthcoming? If we are to avoid this whole thing becoming even worse, I think a prompt pledge and apology --even if they want to claim it was accidental--would be the best way to assure the Iraqis don't take steps, such as telling Blackwater that they are no longer able to work in Iraq.

Also, can someone from RSO office talk to security people at Adel Abdel Mehdi's to review security arrangements and transit paths that seem to have facilitated the situation?

Thanks [redacted]

Mr. LYNCH. This one is dated July 1, 2005 from RSO Al-Hillah. This is a situation where Blackwater personnel fired and killed. It says, "This morning, I met with the brothers of an adult Iraqi male who was killed by a gunshot to the chest at the time and location where the PSD, in this case, Blackwater team, fired shots in Al-Hillah on Saturday, June 25th of 2005." The gentleman in question was killed. And then it says, "Gentlemen, allow me to second the comments on the need for Blackwater to provide funds ASAP. For all the reasons enunciated in the past, we are better off getting this case and any similar cases behind us quickly. Again, the Department of State needs to promptly approve and fund an expedited means of handing these situations. Thanks." And it mentions $5,000 for the family there.

Again, another e-mail dated December 26, 2006. And it says, this is again a situation where Blackwater personnel killed an individual civilian innocently, standing near an area where the convoy was traveling, it criticizes the way the charge d'affaires was talking about "some crazy sums. Originally she mentioned $250,000 and later, $100,000. Of course, I think that a sum this high will set a terrible precedent. This could cause incidents with people trying to get killed by our guys to financially guarantee their families' future."

Mr. COOPER. The gentleman's time has expired.

Mr. LYNCH. I am going to wrap up here. And again, I am going to ask these to be placed in the record.

Mr. COOPER. I am afraid——

Mr. LYNCH. The question is, based on that arrangement——

Mr. COOPER [continuing]. The gentleman's time has expired.

Mr. LYNCH [continuing]. Does it not make sense that an independent inspector general, instead of the State Department inspector general, review these? I think it would help the credibility of the company to have an independent inspector general reviewing these cases instead of having the State Department basically make you pay up $5,000 every time——

Mr. BURTON. Mr. Chairman, I have high regard for the gentleman from Massachusetts but has gone 2 or 3 minutes over his time.

Mr. COOPER. The gentleman's time has expired.

I need to ask the witness, we have two questioners remaining. If you would like to take a break now, that would be fine. Or there are about 10 minutes of questions remaining. It is your call.

Mr. PRINCE. If there are two questions left, I will take them and let's be done.

Mr. LYNCH. Mr. Chairman, do you want to give the witness a chance to answer that last question?

Mr. COOPER. Well, the gentleman considerably exceeded his time limit. We had actually given you considerably more than the 5-minutes due to a mistake in the clock. So I think we need to keep this in regular order.

The gentlelady is recognized, Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman.

Mr. Prince, I want to be clear that however you serve your country, whether as a member of the armed forces or now as a contrac-

tor in time of war, the American people are indebted to you. We understand that the risk is the same.

I want to avoid confusing the higher purpose of the volunteer army with what some nations, how some nations candidly operate. However you define mercenary armies, some nations have long used mercenary soldiers to deal in foreign countries with unpleasant tasks. The more dependent we become on contractors, the more we risk falling right off the cliff into a mercenary army that is nothing that you would have responsibility for.

But it must be said, people fight wars that, countries fight wars where the people support them. And the people support them by being willing to provide the troops to fight those wars. That is a risk we have.

I want to ask you a question or two about your contract with the State Department. Under this contract, you employ security personnel as independent contractors rather than as your own direct employees, isn't that right?

Mr. PRINCE. Yes, ma'am.

Ms. NORTON. You don't have to provide employee benefits, such as health or disability insurance, vacation or retirement and the like as a result?

Mr. PRINCE. Each of the individuals that deploys for us has a very robust insurance package that is with them every day they are working for us.

Ms. NORTON. You also can avoid making Social Security contributions or withholding taxes, is that not true?

Mr. PRINCE. I am not sure on that.

Ms. NORTON. I believe that is true, sir.

By contrast, DynCorp and Triple Canopy and other security firms that support the State Department treat their personnel as employees entitled to these benefits. Why do you treat your personnel differently from these two companies?

Mr. PRINCE. I don't know the differences in how they compensate their people. I will tell you we have the highest retention in the industry. We have guys that sign up for us at a very, very high rate. So we don't get losses. Men and women seem to feel very well treated by us.

Ms. NORTON. Well, of course one of the differences is in the employee benefit package I have just named. Does Blackwater hire personnel as independent contractors in order to avoid legal responsibility for the company?

Mr. PRINCE. No, it is actually really what the men that deploy for us prefer. We find it is a model that works.

Ms. NORTON. Well, Mr. Chairman, it may in fact——

Mr. PRINCE. They like the flexibility of signing on for a certain period of time and being able to schedule their off time around an anniversary, a child's birthday, being home for Christmas, etc. So it gives them flexibility as to when they are going to deploy, when they are going to go to work. Just like——

Ms. NORTON. Does it really give them more flexibility than the other two companies who have them as employees? Those people don't have the same kind of flexibility? What kind of flexibility can you have if you need your employees at a time of engagement, for example?

Mr. PRINCE. I don't know, ma'am.

Ms. NORTON. Well, I think the fact is, when you need them, you need them. You don't say, you can go home for Christmas, sir.

Mr. Chairman, I think we should, I am very disturbed, very disturbed by this confusion, which amounts to legal confusion about the responsibilities of contractors. I will concede the notion that employees can choose whether they want to work for a company that in fact requires them to save for their own benefits or not. My confusion——

Mr. PRINCE. Ma'am, let me just add, we have a program that allows them, it is like an individual 401(k) plan. So they are able to, while working for us, able to have a 401(k)-like program.

Ms. NORTON. I understand that. Probably the other employees, excuse me, companies, that I mentioned probably also have 401(k) programs. And again, my major concern is not what private employees decide to do.

Mr. Chairman, my concern is that these Blackwater contractors, so far as I can see, operate under the direct command or are supervised by Prince, Mr. Prince and his company. They are, they operate under the law of the United States in some fashion. It is simply unclear, after a full day's hearings, whether these employees, whether this company is subject to law in the way that the American people expect anybody in a field of combat to in fact be subject to the law of some place. I believe we need an investigation, Mr. Chairman, by the GAO to clarify what law if any such companies and their employees, whether contract employees or not, should answer to.

Mr. PRINCE. If I could just answer, ma'am, I think the FBI investigation regarding the September 16th incident proves that there is a measure that accountability is in place, that process is working. And as for us——

Chairman WAXMAN [presiding]. That remains to be seen.

Mr. PRINCE [continuing]. Working for us overseas, we provide the trained person with the right equipment, the right training, the logistics to get them in and out of theater, when they get to Iraq or to Afghanistan, they work for the State Department. We work under that, the RSO's operational control, they are not under our operational control.

Chairman WAXMAN. Thank you, Ms. Norton.

Ms. Schakowsky.

Ms. SCHAKOWSKY. Thank you, Mr. Chairman. I really appreciate your allowing me to participate in this hearing, and I thank the committee for their indulgence.

I wanted to let everyone know that I am shortly going to be introducing legislation to carefully phaseout the use of private security contractors, for-profit companies that carry out sensitive missions that have repeatedly and dramatically affected our mission. I want to recognize the mother of Jerry Zovko, who is here today. Jerry was an Army Ranger before becoming a Blackwater employee. He died in Fallujah in an infamous mission, fraught with mistakes on the part of his Blackwater supervisors. That was over 3½ years ago, and led to the Battle of Fallujah during which many of our U.S. forces lost their lives.

As Mr. Davis, the ranking member, said, we need a conversation in this Congress about that, and I am hoping that my legislation will provide that.

Mr. Prince, in your testimony you stated Blackwater personnel supporting our country's overseas missions are all military and law enforcement veterans. You did not state that they were all Americans, all American military and law enforcement veterans. Is it true that Blackwater hires foreign security personnel?

Mr. PRINCE. One of your colleagues previously asked that question. Yes. Some of the camp guards, gate guards, static locations are indeed third country national soldiers.

Ms. SCHAKOWSKY. And in 2004, Gary Jackson, the President of Blackwater USA admitted that your company had hired former commandoes from Chile to work in Iraq, many of which served under General Augusto Pinochet, the former dictator of Chile. As you must know, his forces perpetrated widespread human rights abuses, including torture and murder of over 3,000 people. Did Blackwater or any of its affiliated companies at that time, at any time, use any Chilean contractors with ties to Pinochet?

Mr. PRINCE. Well, I can say Mr. Jackson did not admit to hiring some commandoes. Yes, we did hire some Chileans. Any foreign national soldier that works for us now, for the State Department, has to have a high public trust clearance. It is basically a security clearance for a third country national soldier where you take their name, it goes back through the U.S. embassy in that country and their name is run, kind of like a national agency check here, which is what someone does for a security clearance. That way we can ensure that they have no criminal record, ma'am.

Ms. SCHAKOWSKY. I understand that one of your business associates, Jose Miguel Passaro, was indicted in Chile for his role in supplying commandoes to serve Blackwater. Is that correct?

Mr. PRINCE. He was not an associate. He might have been a vendor to us.

Ms. SCHAKOWSKY. In your written statement today, you state that Blackwater mandates that its security professionals have a security clearance of at least the secret level. Did any Chilean contractors who worked for Blackwater ever get a security clearance?

Mr. PRINCE. I believe what I said is for the WPPS contract, the Americans working on that are doing the PSD mission are required to have a secret clearance.

Ms. SCHAKOWSKY. Did any Chilean contractors get a security clearance?

Mr. PRINCE. I don't know, ma'am.

Ms. SCHAKOWSKY. Because if yes, they were provided with classified information, if no, then it is not true that all Blackwater personnel in Iraq have security clearances.

On your Web site, I don't know if it is still there, there was a recent one, there was a jobs fair advertised in Bucharest. And we have heard allegations that Blackwater recruited Serbians and former Yugoslavs with combat experience from the Balkan wars, some linked to atrocities committed in Croatia and Kosovo and in Bosnia and associates of Milosevic. I am wondering if you could talk to me about that for a minute.

Mr. PRINCE. To my knowledge, we have never employed anyone out of those countries.

Ms. SCHAKOWSKY. Would you know?

Mr. PRINCE. There are some Romanians that were on a contract that we took over from a previous vendor, competitor. But we phased them out and we use guys out of Latin America now.

Ms. SCHAKOWSKY. Would you know if people have been associated with Pinochet or Milosevic before you hired them? Is this part of your inquiry?

Mr. PRINCE. Again, for the State Department, for the static guards that were utilized, third country national soldiers, a high public trust clearance is required——

Ms. SCHAKOWSKY. I heard you say that.

Mr. PRINCE [continuing]. Where their name, their background, their address, their date of birth, whatever information is available on them, is run back through the equivalent country that they are from, a national agency check, to ensure that they don't have any criminal record, human rights abuses, or any other bad marks against their name.

Ms. SCHAKOWSKY. OK, well, we should check into that process. But let me ask a question. You said that you as a company would not work overseas in any way that is not associated, that the United States does not approve. However, Chile has made a decision not to participate as part of a coalition member in this war. They won't send any troops. Do you have any qualms about hiring people out of Chile to participate actively in this war?

Mr. PRINCE. We don't hire anybody from Chile right now, to my knowledge.

Ms. SCHAKOWSKY. Have you ever?

Mr. PRINCE. I previously just said that we had, previously. Yes.

Ms. SCHAKOWSKY. And so the answer is you don't have any qualms about doing that, based on the fact that Chile has made a public policy decision not to participate?

Mr. PRINCE. I believe the persons of that country have a free right to contract. I will give you an example. The Philippines doesn't allow their personnel to go to Iraq. So we don't hire their people to go to Iraq.

Ms. SCHAKOWSKY. OK, but you do hire Chileans. Thank you. I appreciate it.

Chairman WAXMAN. Thank you very much, Mr. Schakowsky.

Mr. Prince, let me thank you very much. You have been very patient. You have been here a long time.

I do want to acknowledge the presence today of Rhonda Teague and Kristal Batalona, the daughter and wife of Wesley Batalona. Ms. Schakowsky acknowledged the mother of Jerry Zovko, who is in the audience today. These are people from Fallujah. I am sorry we didn't get a chance to ask you more questions about Fallujah. I might, with your permission, send you some questions and ask you to respond for the record.

Because that was an example, we had a hearing on that issue, and that was an example where one of the ways corporations could make money is not to have fully trained personnel. I don't know if that was the case or not, but it certainly appeared to us that the people were not given adequate protection and training for that

Fallujah mission and it had an unprecedented consequence in the battle of Fallujah that followed.

In closing, let me just say that we really have a remarkably unprecedented experiment going on in the United States today by having private military contractors. It raises a lot of issues. It raises issues about costs, it raises issues about whether it interferes with our military objectives. And I think this hearing and with you and the next witnesses will help us continue to sort through what that means for our Nation. We have never had anything of this magnitude before where we have turned so much of our military activity over to private military that used to be, for the most part, provided by the U.S. military itself.

I want to thank you. If Mr. Davis has any last comments, I will recognize him.

Mr. DAVIS OF VIRGINIA. Mr. Prince, thank you very much. I think you have—is there anything else you would like to add after all this? Would you like to add anything you didn't get to say?

Mr. PRINCE. Thanks for having me. I would invite some of the leadership of the committee, if they would like, to come and visit our operations. We would be happy to show you what we do.

Mr. DAVIS OF VIRGINIA. Fine. Let me just say, I think we do need a dialog, and our next panel will tell us the State Department's rationale and the large number of contractors and why they are utilizing that versus active duty. I think that will give more clarification to Members.

Thank you very much.

Mr. PRINCE. Thank you, sir.

Chairman WAXMAN. We will proceed to our next panel, but we want to give Mr. Prince and his group an opportunity to leave.

The committee will now continue on and proceed to our second panel. We have with us Ambassador David M. Satterfield, Special Advisor and Coordinator for Iraq, U.S. Department of State; Ambassador Richard J. Griffin, Assistant Secretary, Bureau of Diplomatic Security and Director of the Office of Foreign Missions, U.S. State Department; and Mr. William H. Moser, Deputy Assistant Secretary for Logistics Management, U.S. Department of State.

I gather you are not taking your seats because you know you are taking the oath. But it is the practice of this committee to swear in all witnesses.

[Witnesses sworn.]

Chairman WAXMAN. The record will indicate that each of the witnesses answered in the affirmative.

Your prepared statements will be in the record in full. We would like to recognize each of you for an oral statement for 5 minutes, and then after that we will have questions that we will want to pursue with you.

Ambassador Satterfield, if we might start with you.

STATEMENTS OF AMBASSADOR DAVID M. SATTERFIELD, SENIOR ADVISOR TO THE SECRETARY AND COORDINATOR FOR IRAQ, U.S. DEPARTMENT OF STATE; AMBASSADOR RICHARD J. GRIFFIN, ASSISTANT SECRETARY OF STATE, BUREAU OF DIPLOMATIC SECURITY, U.S. DEPARTMENT OF STATE; AND WILLIAM H. MOSER, DEPUTY ASSISTANT SECRETARY FOR LOGISTICS MANAGEMENT, U.S. DEPARTMENT OF STATE

STATEMENT OF AMBASSADOR DAVID M. SATTERFIELD

Ambassador SATTERFIELD. Thank you, Chairman Waxman, Ranking Member Davis, members of the committee. Thank you for inviting me here today and for the opportunity to speak to the vital security that private security firms provide to our State Department personnel.

In Iraq, as in Jerusalem, Gaza and the West Bank, I have been protected by Blackwater and other private security details. As you know, Mr. Chairman, I was the Deputy Chief of Mission in Baghdad from the spring of 2005 until late summer of 2006. I witnessed first-hand what Ambassador Crocker has rightly described as the capability and courage of our protective details, as have many Members of Congress, including some, Mr. Chairman, on this committee.

The contracting of security personnel for State Department officials is neither new nor unique to Iraq. For example, we have employed private protective security details, PSDs, in Haiti, Afghanistan, Bosnia, as well as Jerusalem, Gaza and the West Bank. We do not bunker down in dangerous environments. But we do need, and we do take prudent precautions to protect the safety and welfare of our personnel.

Iraq is a dangerous place. Yet I think we can all agree that our diplomats and civilian personnel need to be able to operate alongside our military colleagues and to have the broadest possible freedom of movement throughout that country. We must be able to interact with our Iraqi counterparts and with the Iraqi population. Without protective security details, we would not be able to have the interaction with Iraqi government officials, institutions and other Iraqi citizens critical to our mission there.

The State Department uses multiple security specialists in Iraq. Furthermore, it should be noted that the Department of State is not the sole client of these security companies. The U.S. military, Iraqi government officials, private Iraqi citizens, independent institutions and non-governmental organizations as well as journalists all use private security firms, of which Blackwater is one of many. A black Suburban does not equal Blackwater.

Insofar as the State Department's security contractors in Iraq are concerned, we demand high standards and professionalism. Those standards include relevant prior experience, strict vetting, specified pre-deployment training and in-country supervision and oversight. As you know, many of the individuals serving are veterans who have performed honorably in America's armed forces.

All Embassy Baghdad security contracts fall under the oversight of the regional security office. Those contracts require high standards, covering areas ranging from conduct and demeanor to use of force to mission operational guidelines. Those standards are writ-

ten into the companies' contracts. These policies, these standards only allow for the use of force when absolutely necessary to address imminent and grave danger against those under their protection, themselves and others.

In those rare instances when security contractors must use force, management officials at the embassy conduct a thorough review in each and every instance to ensure that proper procedures were in fact followed. In addition, we are in constant and regular contact with our Iraqi counterparts about such instances. And the incident of September 16th was no exception.

I want to underscore, Mr. Chairman, the seriousness with which Secretary Rice and the Department of State view both the events of September 16th and the overall operations of private security contractors working for the Department of State in Iraq. At the direction of the Secretary, we are conducting three different reviews. As I stated before, the embassy conducts regular reviews of every security incident. We are conducting a thorough investigation into and review of the facts surrounding the events of September 16th.

At the request of the Department of State, the Federal Bureau of Investigation is sending a team to Iraq to assist on the ongoing investigation into that incident allegedly involving Blackwater employees. The Secretary of State has made clear that she wishes to have a probing, comprehensive, unvarnished examination of the overall issue of security contractors working for her Department in Iraq. And so we are working on two different fronts, Mr. Chairman. Following direct communication between Secretary Rice and Prime Minister Malaki, our embassy in Baghdad and the Prime Minister's office have established a joint government of Iraq and U.S. Government commission to examine issues of security and safety related to U.S. Government-affiliated protective security detail operations.

This will also include review of the effect of CPA Order 17 on such operations. This joint commission will make policy recommendations for resolving any problems it may uncover. Finally, the Secretary has directed Ambassador Patrick Kennedy, a very senior and extremely capable Department management officer, to carry out a full and complete review of security practices for our diplomats in Iraq. His review will address the question of how we are providing security to our employees. It will take into account all aspects of this protection, including the rules of engagement and under what jurisdiction they should be covered. Ambassador Kennedy is now in Baghdad with some of his team.

In addition to Ambassador Kennedy, his team will ultimately include General George Joulwan, Ambassador Stapleton Roy and Ambassador Eric Boswell, outsiders who will bring with them clear eyes and an independent view of what needs to be done. This is an extraordinarily well-qualified team and it has experience directly relevant to this review.

We are fully committed to working with both our security specialists and the Iraqi government to ensure the safety of U.S. Government personnel. Both are and will be essential to our success.

With that, Mr. Chairman, Assistant Secretary Griffin, Deputy Assistant Secretary Moser and I are happy to take your questions.

[The prepared statement of Ambassador Satterfield follows:]

Testimony of Ambassador David M. Satterfield
Senior Advisor to the Secretary and Coordinator for Iraq David M. Satterfield
Before the Committee on Oversight and Government Reform
United States House of Representatives
October 2, 2007

Chairman Waxman, Ranking Member Davis, members of the Committee, thank you for inviting me here today and for the opportunity to speak to the vital security that private security firms provide to our State Department personnel. In Iraq, I have personally benefited from Blackwater and other private security details – as you know, I was the Deputy Chief of Mission in Baghdad from May 2005 until July 2006 and witnessed first hand their professionalism.

Contracting of security personnel for State Department officials is neither new nor unique to Iraq. For example, we have employed private PSDs in Haiti, Afghanistan, Bosnia, Israel and other countries. We do not bunker down in dangerous environments, but we do need to take prudent precautions to protect the safety and welfare of our personnel.

Of course, Iraq is a dangerous place. Yet, I think we can all agree that our diplomats and civilian personnel need to be able to operate alongside our military colleagues, and to have broad freedom of movement throughout Iraq. We must be able to interact with our Iraqi counterparts and with the Iraqi population, in general. Without PSDs we would not be able to interface with Iraqi government officials, institutions and other Iraqi civilians critical to our mission there.

The State Department uses multiple security specialists in Iraq. Furthermore, it should be noted that the State Department is not the sole client of these security companies. The US military, Iraqi government officials, private Iraqi citizens, independent institutions and NGOs and journalists all use private security firms, of which Blackwater is just one of many. A black suburban does not equal Blackwater.

Insofar as the State Department's security contractors in Iraq are concerned, we demand high standards and professionalism. Those standards include relevant prior experience, strict vetting, specified pre-deployment training, and in-country supervision. As you know, many of the individuals are veterans who have served honorably in America's armed forces.

All Embassy Baghdad security contracts fall under the oversight of the Regional Security Office. The contracts require high standards covering areas ranging from conduct and demeanor, to use of force, to mission operational guidelines. These standards are written into the companies' contracts. These policies only allow for the use of force when absolutely necessary to address imminent and grave danger against those under their protection, themselves, and others.

In those rare instances when security contractors must use force, management officials at the Embassy conduct a thorough review to ensure that proper procedures were followed. In addition, we are in constant and regular contact with our Iraqi counterparts about those instances. The incident on September 16 is no exception.

We are conducting three different reviews.

First, as I stated before, the Embassy conducts regular reviews of every security incident. As such, we are conducting a thorough investigation into and review of the facts surrounding events on September 16.

Second, following direct communication between Secretary Rice and Prime Minister Maliki, our Embassy in Baghdad and the Prime Minister's office have established a joint Government of Iraq and United States Government Commission of Inquiry to examine issues of security and safety related to USG-affiliated PSD operations. This will also include a review of the effect of CPA Order 17 on such operations. The Joint Commission will make policy recommendations for resolving any problems it discovers.

Third, the Secretary has directed Ambassador Patrick Kennedy, a very senior and extremely capable Department management officer, to carry out a full and complete review of security practices for our diplomats in Iraq. His review will address the question of how we are providing security to our employees, taking into account all aspects of this protection, including rules of engagement, and under what jurisdiction they should be covered. He is currently in Baghdad with some of his team. In addition to Ambassador Kennedy, this team includes General George Joulwan, Ambassador Stapleton Roy, and Ambassador Eric Boswell. It is an extraordinarily well-qualified team with experience directly relevant to the inquiry.

We are fully committed to working with both our security specialists and the Iraqi government to ensure the safety of U.S. government personnel. Both are and will be essential to our success.

With that, Assistant Secretary Griffin, Deputy Assistant Secretary Moser and I are happy to take your questions.

Chairman WAXMAN. Neither of you two have opening statements? You are just here to answer questions, is that correct? Thank you.

Mr. Ambassador, when Mr. Prince was testifying here earlier today, we asked him about that very disturbing incident on Christmas Eve, 2006. The basic facts of the incident are that a Blackwater contractor shot and killed an Iraqi security guard working for the Iraqi vice president. According to the documents the committee received, Blackwater transported the shooter out of Iraq within 36 hours of the killing, and it did so with the approval of the Baghdad embassy's regional security officer.

Why did the State Department facilitate the departure of the Blackwater contractor suspected of murdering one of the Iraqi vice president's security guards?

Ambassador GRIFFIN. As you know, the incident that you described is presently in the Department of Justice for a prosecutive review. I think that to pre-judge exactly what occurred that evening as far as the facts of the case go would be inappropriate for me at this time.

[The prepared statement of Ambassador Griffin follows:]

STATEMENT OF AMBASSADOR RICHARD J. GRIFFIN
ASSISTANT SECRETARY OF STATE
BUREAU OF DIPLOMATIC SECURITY
DEPARTMENT OF STATE
BEFORE THE HOUSE COMMITTEE ON
OVERSIGHT AND GOVERNMENT REFORM
OCTOBER 2, 2007

"PRIVATE SECURITY CONTRACTING IN IRAQ AND AFGHANISTAN"

Good morning Chairman Waxman, Ranking Member Davis, and members of the Committee.

It is my honor to appear before you today with my colleagues from the State Department. I would like to thank you and the Committee members for your continued support and interest in the Bureau of Diplomatic Security's (DS) worldwide mission. Through Congressional support, DS safeguards American diplomats, facilities, and information around the world to allow the Department of State and other agencies to conduct America's mission overseas to create a more secure, democratic, and prosperous world for the benefit of the American people and the international community.

Posted to U.S. embassies and consulates in 159 countries, DS is the most widely represented law enforcement organization globally and is the primary U.S. law enforcement contact for foreign government and law enforcement authorities overseas. DS special agents serve as Regional Security Officers responsible for embassy security at posts around the world and participate in a robust worldwide criminal program to combat visa and passport fraud and other related offenses. Our global presence includes over 1,450 Special Agents posted overseas and dispersed among 25 field and resident offices domestically. In addition, DS agents provide a wide range of protective services for the U.S. Secretary of State, U.S. Ambassador to the UN, and foreign dignitaries visiting the U.S.

To fully appreciate the context of both DS's current staffing and its mission requirements, one should start with the recommendations of Admiral Bobby Inman's "Report of the Secretary of State's Advisory Panel on Overseas Security," commonly known as the "Inman Report." When the report was released in 1985, the panel recommended that DS would require 1,156 agents "at home and abroad

to carry out all of the recommendations in this report." With the opening of additional embassies overseas and the increased threat to our personnel, it is safe to say that those mission requirements have significantly increased in the intervening 22 years. Due to the sheer scope of our protective operations in Iraq and the limited number of DS agents worldwide, DS has been required to utilize alternate methods to meet the expanding roles and responsibilities of protecting Department personnel in non-permissive environments.

The employment of security contractors has become a critical Department tool for providing services necessary to protect U.S. embassies, consulates, mission housing areas, Foreign Service personnel and ambassadorial residences in more than 111 countries worldwide (155 diplomatic posts). For the past 20 years, the State Department has successfully used contractors to assist DS in meeting our protection requirements. In the mid-1980s, after the bombing of the US Embassy in Beirut and in conjunction with the Diplomatic Security and Antiterrorism Act of 1986, private companies were afforded the opportunity to compete for security contracts at U.S. overseas missions. In these contracts, the Department sought to standardize the way posts contracted and paid for guard force services, to enhance uniform fiscal reporting, and to streamline security management.

Over the last decade, conflicts, wars, political unrest, and terrorist activity have required the deployment of diplomats to areas that have become extremely dangerous places to live and work. As the U.S. Government continued its diplomatic efforts in those critical areas, the assets and resources needed to ensure the safety and security of U.S. diplomats and other government representatives have also increased. As a result, DS began using civilian contract personal security specialists (PSS) to fulfill this immediate Department priority. DS first deployed PSS contractors in September of 1994 during a prolonged period of unrest in Haiti. In the intervening period, the Department has fielded PSS contractors in Bosnia, Afghanistan, Israel, Haiti and Iraq. Some examples include:

- Protecting U.S. ambassadors implementing the Dayton Peace Accords (1995)
- Protective services in the former Yugoslavia (2000)
- Protecting the U.S. Senior Security Coordinator for Gaza and the West Bank (2002)
- Protecting President Karzai in Afghanistan (2002)

The use of PSS contractors has allowed DS to rapidly expand its capability to meet the increased protective duties and to support national-security initiatives

without the delay of recruiting and training full-time personnel. PSS contractors can be recruited, vetted, hired, trained, and deployed in approximately 90 – 120 days, compared to the two-year-long recruitment, hiring, and training process for a DS Agent. Additionally, the contract mechanism allows the Government to quickly hire a skilled cadre of security professionals for emergency needs as world events unfold, usually with little notice. Utilizing contract personnel also allows the Department the flexibility to rapidly expand or reduce the level of security personnel deployed based on changing requirements.

In March 2000, recognizing that there was a consistent and sustained need for PSS contractors, the Department developed and awarded the first iteration of the Worldwide Personal Protective Services (WPPS) contract. The WPPS initiative was a proactive effort by the Department to pre-plan, organize, deploy, and oversee PSS contractors for the protection of U.S. and/or certain foreign government officials as required by the security and threat environment. WPPS I was awarded to DynCorp International to provide services in the former Yugoslavia and was subsequently used for deployments in the Palestinian Territories beginning in July 2002 and in Afghanistan for the Karzai Protective Operation in November 2002. The program continued to expand to provide PSS staff in Kabul for the Ambassador's protective detail and for the Afghan Reconstruction Group in early 2004. In 2005, the program began operating in Haiti protecting the Haitian President and U.S. Embassy personnel.

In early 2004, additional task orders were added to the WPPS contract to provide PSS support for Embassy Baghdad when it opened on July 1, 2004. DynCorp was unable to meet the full requirements of the expanding mission and a second service provider was established through a contract with Blackwater USA. Another company, Triple Canopy, was subsequently awarded a contract to protect the Regional Embassy Office in Basrah, Iraq. Concurrently, the Department drafted and released a competitive contract covering the ever-increasing requirement for protective services throughout the world.

In June of 2005, DynCorp, Blackwater USA, and Triple Canopy were awarded contracts under what is now known as the WPPS II contract. Personnel qualifications, training, equipment, and management requirements were substantially upgraded under WPPS II, due to the ever changing program requirements in a combat environment such as Iraq.

An Overview of the WPPS II Contract

Contractors were selected through a competitive bidding process, and the current contract was awarded in July 2005. DS utilizes the WPPS II umbrella contract under which it issues task orders to the three qualified companies – Blackwater USA, DynCorp, and Triple Canopy. The contract has a ceiling of $1.2 billion per contractor over five years (one base + four option years). There are currently seven active task orders under WPPS II: Jerusalem, Kabul, Bosnia, Baghdad, REO Basrah, REO Al Hillah, and REO Kirkuk (including USAID Erbil). An eighth operational task order for aviation services in Iraq was awarded to Blackwater USA on September 4, 2007. Performance under this task order should begin in late November 2007. Task Order 1 covers the contractors' local program management offices in the Washington, D.C. area.

Security contractors perform a narrow range of tactical duties, including protection of certain foreign heads of state, high-level U.S. officials (including members of Congress), and U.S. diplomats under Chief-of-Mission authority. As such, the Department requires that security contractors working for DS must meet stringent requirements for employment and sustain high performance standards once employed. Candidates undergo a screening process by their employer/contractor before submitting their applications to the State Department. After the applications are submitted, the Department of State performs a background investigation on each American-citizen contractor employee, who must qualify for a U.S. Government security clearance at an appropriate level. The Department requires a similar process for foreign national contractors, who, likewise, must qualify to receive a clearance appropriate to their assignments. DS Special Agents oversee security contractors who are trained to DS specifications by DS-vetted trainers. Before deploying, the PSS contractors receive 164 hours of DS-approved instruction and training. Only successfully trained and qualified contractors are deployed.

WPPS II PSS Contract Requirements and Training

The Department of State requires in each private security firm contract it awards that each person working on the contract meet specific experience requirements delineated by position title/description. The security firm contractor must verify that each person proposed possesses the requisite experience and training required by the contract before that individual is approved to enter the program. The DS High Threat Protection (HTP) Program Office (in Washington) individually reviews and approves candidates for key leadership positions. The

contractor certifies that all other personnel meet the requirements. The Program Office may review qualifications and remove individuals not meeting contract requirements at any time.

Qualification statements for a Protective Security Specialist (PSS) require a minimum of one year of experience in protective security assignments. This experience and background may have been gained in any of the following assignments:

- U.S. Department of State Diplomatic Security Service
- U.S. Secret Service
- U.S. Federal Agencies, e.g., FBI (former Special Agents with protective-security background)
- U.S. Special Forces or Special Operations
- U.S. Military Infantry (Army or USMC)
- Commercial Executive Protection Services with Military or Police Background
- Law Enforcement Experience (U.S. Military Police/Criminal Investigation Division or in an Emergency Services, Special Weapons, or Tactical Operations Type Unit of a Local or State Law Enforcement Agency)

All PSS personnel are trained in accordance with the requirements in the WPPS II base contract. The contract contains the qualifications and requirements for both facilities and instructors providing PSS training. PSS personnel must attend and successfully complete pre-deployment training that consists of 164 hours of instruction delivered by instructors previously vetted by DS. PSS training covers the following topics:

- Terrorist Operations
- Organization of a Protective Detail
- Protective Services Formations and Standard Operating Procedures
- Protective Security Advances
- Driver Training
  - ·Vehicle Dynamics
  - ·Evasive Maneuvers
  - ·Armored Vehicle Dynamics
  - ·Basic Motorcade Operations
- Radio Procedures

- Countermeasures
- Emergency Medical Training
- Firearms
- Defensive Tactics
- Land Navigation

In addition to DS-provided course materials, contractor-developed lesson plans must be approved by the DS HTP program office and the DS Training Center. DS HTP personnel visit contractor facilities and observe training to ensure compliance with contract requirements.

WPPS II Staffing and Costs

There are a total of 1,433 personnel, excluding sub-contractors, currently working under the WPPS II contract. Of that total, 833 work as personal security specialists, 410 as guards, and 190 as support personnel. In Iraq alone, there are 716 personal security specialists, 390 authorized guards, and 155 support personnel. The aviation task order will add at least 241 personnel in Iraq. The approximate current annual costs under WPPS II contracts for all areas of operation (Afghanistan, Bosnia, Israel, and Iraq) are as follows:

Blackwater	$360,123,994
Blackwater Aviation	$112,581,657
DynCorp	$38,862,060
Triple Canopy	$59,315,251
TOTAL WPPS	$570,882,962

The approximate total costs for Iraq only, inclusive of all contractors (and including aviation) is $519,938,634.

Oversight of WPPS II Contractor Operations

DS utilizes a two-part (parallel and mutually supportive) oversight structure. It is composed of a post mechanism and a Washington (via contract office) mechanism.

The DS Regional Security Officer (RSO) at post provides general oversight and manages the operations of security contractors. The post's high threat protection office is responsible for all protective operations under Chief of Mission

authority. A number of DS Agents are assigned to provide oversight of the protective operations, including the PSS contractors. This supervision includes the "embedding" of DS Agents within PSS protective details to observe/participate in training and accompany the details on actual movements.

The DS HTP program office (in Washington) meets weekly with contractor management and conducts periodic Program Management/Contract Compliance Reviews of task order operations at posts. In addition, the HTP office conducts announced and unannounced visits to contractor training facilities to monitor compliance with contract-training requirements.

Standard Operating Procedures (SOPs)

The RSO is responsible for developing and maintaining SOPs for each section of post's security program. The SOPs for the high threat protection office cover a wide range of policies that include, but are not limited to, radio communications, protective operations, after-action review–and-reporting procedures, pre-mission briefings, standards of conduct, firing-range procedures, and operational security.

The "Use of Force" Policy

The WPPS base contract requires all PSS personnel to follow the Mission Firearms Policy of the post to which they are assigned, in this case Embassy Baghdad. Any use of force by a PSS in the course of operations must comply with this policy.

Embassy Baghdad's Mission Firearms Policy is defensive in nature, while at the same time taking into account specific circumstances surrounding our security operations in an active war zone. The Mission Firearms Policy is founded upon the Department of State's respect for the paramount value of all human life, and our commitment to take all reasonable steps to prevent the need to use deadly force. Accordingly, the touchstone of the policy is necessity; deadly force can only be used in situations where there is no safe alternative to using such force, and without which the PSS, the protectee, or other individuals would face imminent and grave danger.

The policy utilizes an "escalation of force" continuum to ensure that the proper level of force is applied in each unique situation. This "escalation of force" policy utilizes a seven-step process that must be utilized as appropriate under the

circumstances: (1) English/Arabic visual warning signs on vehicles; (2) hand/verbal warning signs; (3) use of bright lights; (4) use of Pen flares; (5) weapon pointed at offending vehicle; (6) shots fired into engine block of vehicle; and (7) shots fired into windshield of vehicle. It should be noted that deadly force can be immediately applied provided that it is necessary under the specific situation's circumstances.

Incident Reporting Requirements

All PSS contractors are required to immediately report to the RSO any operational incidents of weapons discharges, attacks, serious injury, or death. Contractors are also required to report any incident that would reflect negatively on the United States, the Department, the Embassy, or the contractor. Significant incidents involving PSS personnel are reviewed by the RSO and by relevant management and oversight offices within the Department to ensure that specific use of force incidents are consistent with Department policies. Incidents of PSS personnel misconduct are addressed through procedures in accordance with our contractual arrangements.

Contractor Discipline

The WPPS base contract establishes minimum standards of conduct not only regarding the use of firearms, but also covering areas such as dress and appearance, performance of duties, disorderly conduct, drugs and alcohol, and criminal activity. All PSS personnel acknowledge that violation of these policies may result in termination from the program. Depending on the nature of a given incident, the Department may require remedial training, request the contractor to reassign personnel to duties not requiring a firearm, remove the personnel from the project, or to make referrals to law enforcement authorities. Should the facts of an incident indicate potential criminal acts, further action is determined in consultation with the Department of Justice. The DS HTP program office (in Washington) maintains records of personnel terminated for cause from the WPPS program in order to prevent them from re-entering the program with another contractor.

Incidents Involving PSS Personnel

DS provides security for nearly 1,000 U.S. Embassy personnel located in Baghdad and a number of regional locations throughout Iraq, in support of reconstruction efforts. DS PSS contractors are used on a daily basis to provide

security for those personnel, as well as visiting dignitaries such as U.S. Cabinet members and Congressional delegations.

PSS personnel must follow stringent procedures aimed at avoiding the use of force, for which they are extensively trained and which the standard SOP require they are briefed on before each mission. From January 1 to September 18, 2007, PSS contractors conducted 3,073 missions in which they escorted American diplomats or visitors to locations within Iraq. Out of those 3,073 missions, there were 77 incidents involving PSS personnel that resulted in the use of weapons. These missions occurred during a period in which there were 54,236 recorded attacks (an average of 6026 per month) throughout Iraq; almost 208 attacks per day during which PSS contractors must safely transport Department personnel.

In closing, I would like to take this opportunity to note that protecting the Department's most precious asset – our people – has come at great cost to both DS and our security contract personnel. Since 2004, two DS agents and 40 security contractors have lost their lives and 76 security contractors have been wounded in Iraq, Afghanistan, and Israel while protecting Department personnel.

Chairman Waxman and Ranking Member Davis, I thank you and the other members of the Committee for the opportunity to appear here today. I would now be happy to answer any questions you or any other members may have.

Chairman WAXMAN. I am not asking about the facts of the case. I am asking you about the State Department's response. Why did the State Department respond in this way?

Ambassador GRIFFIN. At the time of the incident, after a number of interviews were conducted, there was no reason for him to stay in Baghdad.

Chairman WAXMAN. Well, the committee had a briefing from Ambassador Kennedy last week, and he stated that the subjects of investigation should be kept in-country, because the investigators may need access to them. In fact, when you think about this, this is an obvious point. Why didn't you follow the policy recommended by Ambassador Kennedy?

Ambassador GRIFFIN. You can't describe how a case should be handled universally. Each case has to be judged on its own merits. And Ambassador Kennedy may have had some other notion about the proper way to proceed.

Chairman WAXMAN. Well, this is not an ordinary case. This is a pretty extreme one. You have a private military contractor within the Green Zone, which is an internationally protected area, shoot and kill an Iraqi security guard. What we saw was that within 36 hours, he was ushered out of the country and the State Department helped that happen. In fact, the documents show that the primary response of the State Department was to ask Blackwater to make a payment to the family in the hope that this would make the problem go away. There is even a discussion among State Department officials about how large the payment should be. One official suggested $250,000, but this was reduced instead to just $15,000.

Yesterday during the State Department's daily press briefing, the agency's spokesman said, "We are scrupulous in terms of oversight and scrutiny not only of Blackwater, but all of our contractors. I would strongly dispute anyone's assertion that the State Department does not exercise good and strong oversight in our efforts to manage these contractors." That was the statement made yesterday.

When I look at the State Department response to the Christmas Eve shooting, I don't see scrupulous oversight and scrutiny. I see an effort to sweep the whole incident under the rug. How would you respond to that?

Ambassador GRIFFIN. I would say that the area of what laws are available for prosecution is very murky. I believe it is something that the executive and legislative branches have been working on to try and clarify. And I think that lack of clarity is part of the problem.

Chairman WAXMAN. So you weren't sure at the State Department whether this was a possible criminal violation, when a person hired by a contractor of the United States shoots and kills an Iraqi in the Green Zone? There is a question of whether this is criminal? Is that why the State Department helped get him out of the country and gave Blackwater a suggestion of how much to pay to get rid of the whole incident?

Ambassador GRIFFIN. That is your judgment that is what happened. I was not there. I think that is why the Department of Jus-

tice is examining this case. And they are examining the potential ways that it might be prosecuted.

Chairman WAXMAN. Well, it just seems to me common sense to say that if there is an examination going on, and the man is not there any longer, you can't pursue some of those issues. And the ones that pursue the investigation are the ones right there on the ground. You don't get the guy out of the country as fast as possible and then say we did what we thought was a responsible thing to do. Even the deputy director of the trade association representing private security contractors sees a problem. He told the Washington Post, "Blackwater has a client who will support them no matter what they do."

As I view the record, it shows that the State Department is acting as an enabler to Blackwater tactics. The company acts as if they are untouchable for a simple reason: the State Department demands no accountability. They are not accountable to the military. They are not accountable to the Iraqi criminal system. And the State Department, who is the contractor, seems to have acted like they are helping Blackwater get rid of the guy so that the whole incident can go away.

Ambassador GRIFFIN. The incident was referred to the Department of Justice of our country for their prosecutive decision and followup. They are the prosecutors. The State Department isn't the prosecutive department for the U.S. Government.

Chairman WAXMAN. Have the State Department people been asked any questions by the Department of Justice about this issue?

Ambassador GRIFFIN. I am sure there has been conversation, but I can't——

Chairman WAXMAN. You should, but you don't know?

Ambassador GRIFFIN. No, I can't name when and where.

Chairman WAXMAN. The fact of the matter is, it seems strange that if there is this kind of situation, there hasn't been any action by the Justice Department to date. This is almost, well, not quite a year, but this is the fall, nine, 10 months later. I wonder what really is going on.

Mr. Davis.

Mr. DAVIS OF VIRGINIA. Thank you. My good friend here said that this was unprecedented in terms of the amount of security going on over there, private security. I just wonder, Mr. Satterfield, my understanding is the State Department has been contracting for security services at diplomatic posts throughout the world for decades. Is this unprecedented?

Ambassador SATTERFIELD. The scale of the operation in Iraq is unprecedented. But the fact of contracting, both through direct hire, and by use of private security contractors, such as Blackwater, DynCorp, Triple Canopy and others, is certainly not unprecedented. It is practiced at a number of posts in a number of countries around the world.

Mr. DAVIS OF VIRGINIA. If you could go back 4 years, would you have taken this in-house or would you stick to what we are doing at this point in terms of contracting out?

Ambassador GRIFFIN. At the time that the decision was made to use contractors, it was made because there was an immediate need to provide security for U.S. Government employees working in a

hostile environment, trying to assist the Iraqi people in standing up various civilian agencies. Everyone knows that the military was doing their function there. We were trying to stand up the civilian side of the government, which was pretty much in shambles at that time.

In order to fulfill that security mission, in order to be able to immediately deploy people in the near-term, contractors were used. The fact is, if we were to attempt to recruit and train diplomatic security agents for that mission, it would take anywhere from 18 months to 2 years to identify them, do all the backgrounds, do the clearance work, 7 months of basic training, follow-on training for high threat parts of the world.

Mr. DAVIS OF VIRGINIA. Also, when the mission winds down, what do you do with them at that point, too?

Ambassador GRIFFIN. When the mission ends, you may have more people than you have work for.

There are also specialists that are employed by the contractors, people who have training in, helicopter pilots, people who are mechanics for armored vehicles, people who are armorers, people who are medical technicians, etc., that are all part of the requirement that you have when you are working in a combat zone. So for a multitude of reasons, it made good sense to deploy people with the expertise that is needed but for what was expected to be a short to medium term duration.

Mr. DAVIS OF VIRGINIA. But it has been a longer term duration, hasn't it?

Ambassador GRIFFIN. It has been. But the fact is, we have used contractors going back to 1994 for this protective security mission, when they were first used in Haiti. So those previous contracts, some have come and gone, so it does demonstrate that this is not a career-type assignment for somebody.

Mr. DAVIS OF VIRGINIA. Is it cheaper to go outside, or would it be cheaper to take them inside and basically start a bureaucracy within the Government to handle these kinds of things?

Ambassador GRIFFIN. Mr. Moser can speak to all the contract costs, but when you are looking at the cost of whether it is a contractor or a person in the military or a person in the State Department, you have to look at what we call the fully loaded costs, which includes all of the expenses, which you are all very well aware of from your dealing with the budget for all these years. The fact is that the costs for a State Department special agent to be deployed in a high threat area approaches $500,000.

Mr. DAVIS OF VIRGINIA. Mr. Moser, do you want to comment?

Mr. MOSER. Well, I will add one thing to that. We actually do cost analyses in the acquisition activity. And I am very proud of the cost analysis they do, because particularly, if we have a situation, our first contract to Blackwater was awarded in 2004. We did not have competition, so we had to actually do extensive analysis at that time to make sure that the costs were reasonable.

But to add to what Ambassador Griffin has said, I used to work in an office called Global Support Services and Innovation. We spent many, many months discussing how much it actually costs to position an American overseas, an American diplomat like me, or a DS agent. And their prices range from around $400,000 for a

regular mission around the world to around $1 million for an American diplomat positioned in Iraq.

So when we talk about using contract employees, I think that we have to be very careful to consider what the fully loaded costs would be of direct hires, and as you have already pointed out very wisely, Congressman Davis, you do have to think about, do you really need these people for a long term.

Mr. DAVIS OF VIRGINIA. So basically, when we start comparing costs, I think earlier someone used the analogy of a sergeant being $60,000 to $80,000 a year, and a contract employee being $400,000 a year, those aren't fully loaded costs and it is not apples to apples. Would that be your opinion?

Mr. MOSER. Well, I look at it this way. We have lots of employees in Iraq and the missions around the world. Well, I actually, also one of my duties is to run the transportation part of the State Department. And that is where we move people's household effects around the world. That activity alone is around $220 million a year. That does not appear in that employee's salary cost, that is something that we do for each employee.

Mr. DAVIS OF VIRGINIA. So if you divided the number of employees by the $220 million, you would get a high number?

Mr. MOSER. That is right, and you can keep on adding these costs. And as I said, in my previous assignment, we looked at this. How do you amortize the building costs for over the years, like what the rental price is?

Mr. DAVIS OF VIRGINIA. One of the things that Mr. Waxman and myself and the committee ultimately want to understand is really what are the costs. I don't know if we can get GAO to look at that, or how we compare apples to apples in an objective way. Because everybody has their own numbers on this. And that is something that would be helpful to you, I would think, as well.

Mr. MOSER. It is very helpful to me. And I will say that over the years, I have actually discussed this topic with a number of employees at GAO. Because it is not an old topic, by any means.

Chairman WAXMAN. Thank you, Mr. Davis.

Mr. Tierney.

Mr. TIERNEY. Thank you, Mr. Chairman.

Mr. Moser, can you tell us whether or not the number of diplomatic security service agents has been reduced at the State Department since 2001?

Mr. MOSER. I think Ambassador Griffin is going to need to answer that question.

Mr. TIERNEY. Ambassador, can you answer that question?

Ambassador GRIFFIN. Current staffing is about 1,450, and it does reflect an increase over the past 4 to 5 years. I have been on board 2 years, and I know one of those years we brought on 175 additional agents, and there were some brought on the year before. But I could certainly give you the specifics for the record if you would like to have that.

Mr. TIERNEY. Were any of those additional agents brought in with respect to Iraq, or were they other places around the world?

Ambassador GRIFFIN. They are for various places around the world. We have at the present time approximately 36 of our agents in Iraq.

Mr. TIERNEY. Now, I think we can all agree that Baghdad is not just any other embassy right now, it is the largest post and it is in a war zone. There are about 800 personnel, I think you said earlier, or told the committee earlier, that are involved in the private security detail to protect embassy personnel in Iraq, would that be accurate?

Ambassador GRIFFIN. There are 845 Blackwater personnel in Baghdad and Al-Hillah, and the other two contractors have additional resources. So it is about 1,150 total.

Mr. TIERNEY. Are there any other embassies around the world where the security details are that large?

Ambassador GRIFFIN. I don't believe so.

Mr. TIERNEY. Now, just looking at some of the statistics here, we have reports that say Blackwater engaged in shooting incidents on 195 occasions in less than 3 years. That is about 1.4 times per week. Are there any other embassies around the world in which the security details have been engaged in that many shootings in the last 3 years?

Ambassador GRIFFIN. I would say that the environment in Iraq is unique and that we are operating in a combat zone.

Mr. TIERNEY. So is that a no?

Ambassador GRIFFIN. As to whether anyone else has the same level of——

Mr. TIERNEY. As to whether there is any other embassy around the world where the security details have engaged in that many shootings in the last 3 years?

Ambassador GRIFFIN. Not that I can think of.

Mr. TIERNEY. And when we look at the Blackwater reports, we also show that Blackwater has caused at least 16 casualties and significant property damage from fired weapons on over 160 occasions in the last 3 years. Are there any other embassies around the world in which security details have caused that many casualties or that much property damage in the same period of time?

Ambassador GRIFFIN. No, but there are no other embassies like Baghdad.

Mr. TIERNEY. Well, I think we established that in my first question. I was fully in agreement with you that it was a unique situation.

Ambassador GRIFFIN. Thank you.

Mr. TIERNEY. So I think Blackwater thinks that all the shootings were justified, and I think that raises another question. You told us that there is a special use of force policy specific to the embassy in Baghdad and that special policy would allow security forces to do things that ordinarily they might not be able to do, such as shooting at cars that get close to the motorcades.

Are there in fact special rules on the use of force that permit that type of shooting in Baghdad?

Ambassador GRIFFIN. Yes, there are.

Mr. TIERNEY. OK. And is there any other place, other than perhaps Afghanistan, is there any other place where those special rules are in effect?

Ambassador GRIFFIN. I can't say, as I sit here. Each post in the State Department operates under a chief of missions firearm policy. In most of our posts, they are fairly similar. All of our agents oper-

ate under the normal DOJ guidance for Federal law enforcement personnel for deadly use of force.

Mr. TIERNEY. I guess my point on the special rules that apply to Iraq is that when you have those special rules and the need for those special rules, are you going to be able to shoot at cars that get within a particular distance of a motorcade because you are concerned about an IED attack? That happens over 160 times in 3 years? It appears to me that this might not be a mission for civilian law enforcement agents, like the diplomatic security or the contractors. It in fact might be a mission for the U.S. armed forces.

So the real question we are trying to get at here as a committee is, whether or not the diplomatic security has enough agents may be beside the point, the question may be whether or not this isn't a case where 800 troops or 845 troops actually should be taking over that mission. And if we are fighting a war and we have two different departments, State Department and the Defense Department, maybe they ought to get together and try to figure out when and how they are going to perform that responsibility.

Let me just, in the time left to me, the brief time, just ask a quick question here. On February 4, 2007, the Iraqi government alleged that on that day, Blackwater shot and killed Iraqi journalist Hana al-Ameedi near the Iraqi Foreign Ministry. Is that true?

Ambassador GRIFFIN. I am aware that there were a number of allegations made about shootings in the newspaper. If I may, I would like to describe what happens when one of our PSD teams is involved in a shooting incident, so we can have a clear understanding of how the procedures work.

Mr. TIERNEY. Could I ask you, in the course of doing that, if the chairman is going to allow us to get into this, my way of approaching that, if you would be good enough to work with me on that is, let us know which of the incidents the State Department has actually investigated, and then tell us whether or not you can provide us with copies of that investigation and then after you have done that, we will be happy to hear the way that you go about doing it.

Ambassador GRIFFIN. We will provide you copies of every investigation that has been done.

The standard procedure is, when one of our protective security details is on a mission and a weapon is fired, as soon as they get back to the international zone, the team that was involved in that incident comes to the tactical operations center which is the hub for DS operations. Members of the team are segregated, they are interviewed by DS agents to report what had happened.

Within 24 hours they have to provide a written, sworn statement as to what happened. The statements are reviewed to make sure that the statements are consistent as to what occurred. They are reviewed by management at the post and on a parallel track, on a weekly basis, our people who manage our overseas protective operations have weekly meetings with our contractors. So at the same time, they are also exchanging information about any incident that might have occurred during the course of that week.

Chairman WAXMAN. Thank you, Mr. Tierney.

Mr. Burton.

Mr. BURTON. Thank you, Mr. Chairman.

I will probably ask you some questions that we asked of the CEO of Blackwater, because I would like to get a perspective of that from the State Department.

First of all, would it be more effective if we used active Army personnel to provide these services? Would it be more cost effective or generally more effective?

Ambassador GRIFFIN. I think that the professional men and women in the armed forces could do this mission, provided that they were given the training that the professional security specialists have. It is not the normal military training that they receive to go out and fight a war. When you are in a professional security mission where your mission is to protect the person who is your principal and you come under fire, your response is not to stay and fight, your response is to get off the X.

Mr. BURTON. So the mission is more defensive than offensive?

Ambassador GRIFFIN. That is right.

Mr. BURTON. Several times it has been suggested that the Department's contract with Blackwater and other firms was sole source, a sole source contract. Was it awarded improperly or not?

Mr. MOSER. I think I need to take that question, Mr. Burton.

In 2004, as the U.S. Government made the transition from the Coalition Provisional Authority to a U.S. embassy presence, we decided to do a sole source contract for Blackwater to provide the personal security services that Blackwater provides. That was the only time that this contract has been sole sourced in the Department of State. The reason we did that was for urgent, compelling reasons, and essentially, there was a fully signed document by the proper officials within the State Department that signed that justification.

We were under a very, very urgent situation to make that transition. We had to make an effective transition and provide the security services, so that the embassy could get up and running.

That document for urgent and compelling reasons was signed by the procurement executive of the State Department, by the Department's legal counsel for acquisition, and by all the necessary officials in both diplomatic security and in the acquisition activity. We did not like doing a sole source award to Blackwater, and therefore, at the close of 2004, we asked our OIG to get an audit of their price proposal. And Mr. Waxman actually put the results of that audit in his letter of yesterday. We were very glad to see that there, because that was an audit that the acquisition activity asked for.

The reason we asked for it is that sometimes we need an outside audit to come in and take a look at a contractor to see if the rates are correct. And the actual results of that audit, we were able to take part of the Blackwater contract costs, which were, Blackwater proposed around $140 million, and negotiate those down to $106 million. So we think that the audit was a very positive thing.

Then the next year, in 2005, this contract was incorporated into the World-wide Protective Services Contract, and it was competitively bid and awarded.

Mr. BURTON. That was a very thorough answer.

In the opinion of the State Department, are the contractors out of control, or are any of them untrained?

Mr. MOSER. Well, I know that by the terms of the contract, they are very well trained. I will defer to my colleagues in diplomatic

security to answer the question about out of control. I am, as part of the contracting activity, I would not make that judgment. But that is where we would rely on the advice of the programmatic people.

Mr. BURTON. Would one of you Ambassadors like to comment?

Ambassador GRIFFIN. Please, if I may, Mr. Burton. All of the WPPS contractors who are employed under the terms of that contract must have at least 1 year of prior military experience, prior law enforcement experiences. Very often the military experience is special forces, the law enforcement experience is SWAT-type experience.

Upon being identified they have to successfully undergo a background check. They have to qualify for a secret clearance from our Government. And they also have to go through a training course, which has been prescribed by DS, of 164 hours in order to give them specific training on the mission that they will be tasked to do when they arrive in-country.

Mr. BURTON. I see my time has expired. I had some more questions, Mr. Chairman. Are we going to have a second round?

Chairman WAXMAN. I wasn't planning on it. How many more do you have?

Mr. BURTON. Just one or two more.

Chairman WAXMAN. Why don't you see if you can do the one or two more?

Mr. BURTON. Thank you, Mr. Chairman. I appreciate that.

Chairman WAXMAN. We will give you another minute.

Mr. BURTON. When your contractors fire first at a vehicle speeding toward a chief of mission motorcade, is that a violation of the contract rules of engagement?

Ambassador GRIFFIN. Absolutely not.

Mr. BURTON. Tell me from your perspective what takes place, what should take place? That will be my last question.

Ambassador GRIFFIN. The use of force policy, which is prescribed in the chief of mission policy in Baghdad and our standard procedures for our high threat protection division, one does not have to wait until the protectee or co-worker is physically harmed before taking action.

We have an escalation of force policy in order to try and take a number of steps, prior to having to go to the use of the firearms that our people carry. On the back of all our motorcade vehicles in Arabic and English there is a warning to stay back 100 meters. These vehicles are operating with lights and sirens. If a vehicle approaches from the rear when everyone else has stopped or goes around stopped vehicles and appears to be approaching our convoy, hand signals will be given, verbal commands will be given in order to get the attention of that driver, in order to get them to stop. If they still haven't gotten their attention, they will shoot a flare at the vehicle, which also will get their attention but it won't hurt anybody. They will use a bright light to shine at the vehicle. If the vehicle is still coming, they may even throw a bottle of water at the vehicle.

Having all of those steps failed, they will put a round in the radiator of the vehicle or a couple of rounds to try and stop the vehicle. If the vehicle continues to come, realizing the number of BB/IED

attacks that occur in this environment, they are then authorized, for their safety and the safety of the people they are protecting, to shoot into the windshield in order to stop that vehicle.

Chairman WAXMAN. Thank you, Mr. Burton.

Ambassador GRIFFIN. It is the escalation of force policy, as we call it.

Mr. BURTON. Thank you, Mr. Chairman.

Chairman WAXMAN. Ms. Watson.

Ms. WATSON. Thank you, Mr. Chairman.

The panel has spoken about how important private security contractors are for the State Department and how good they are at their jobs. Ambassador Griffin, in your prepared testimony, you referred to private contractors as a skilled cadre of security professionals. And Ambassador Satterfield, you mentioned that you demand high standards and professionalism from these contractors.

In general, do you feel that private security companies do a good job in carrying out their mission of protecting State Department personnel?

Ambassador SATTERFIELD. Congresswoman, we do believe that the overall mission of security contractors in Iraq is performed exceedingly well, with professionalism, with courage. The undertaking that the Secretary of State has made is to have a comprehensive review of all of those operations, to look at the mission, to look at the resources brought to the mission, to look at all aspects of procedures, rules of engagement, questions of jurisdiction and authority, to take a solid look at whether something better can be done, whether there are issues that need to be addressed. Then we are going to expose that to outsiders for independent review.

Ms. WATSON. Let me just cut you off. Are you doing that review for all security or just for those in the theater in Iraq?

Ambassador SATTERFIELD. For all private security contractors operating in Iraq.

Ms. WATSON. OK. Now, you know I have been an ambassador. I probably am the only one in Congress at the time, in the House, that has been there. And I would insist that you do that. Because I had an incident with a private contractor at my post where he would knock trainees down and then kick them with the point of his boot. I would have fired him, but the word back from the State Department was that there was no one else to hire. So I would hope that would be broad-based, the investigation, and not just there.

One of the major reasons this committee has expressed some skepticism about the use of Blackwater and other private security contractors is because of the great respect we have for all the men and women who wear the uniform in Iraq. And we trust the military to face our most pressing challenges and stand up to our greatest threats. And yet for all your statements about the skill and professionalism of these private contractors, and I am a witness, if you want to come and talk to me privately, I will tell you about my experiences with these private contractors.

So many in the military have been very critical of private security contractors in Iraq, and especially Blackwater. Brigadier General Karl Horst said, "These guys run loose in this country and do stupid stuff." "There is not authority over them." I was the author-

ity over my security team when I was the Ambassador, and I reprimanded them for how they treated their trainees. "So there is not authority over them so you can come down on them when they escalate force. They shoot people and someone else has to deal with the aftermath. It happens all over the place."

An Army lieutenant colonel serving in Iraq said of Blackwater, "They are immature shooters and have very quick trigger fingers. Their tendency is to shoot first and ask questions later. We are all carrying their black eyes."

A senior U.S. commander serving in Iraq said, "Many of my peers think Blackwater is oftentimes out of control. They often act like cowboys over here." Another U.S. military commander put it bluntly: "Iraqis hate them. The troops don't particular care for them, and they tend to have a know-it-all attitude, which means they rarely listen to anyone, even folks that patrol the grounds on a daily basis."

And I can go on and on. But I would like you to address how we can, if you will, be sure that our military has the training, you, the State Department contract, and you go to private firms. If you see areas of our training that are missing, would you make that recommendation to the Department of Defense?

Ambassador SATTERFIELD. Madam Congresswoman, there are different missions in Iraq today. Certainly, the ones you raise are ones that can be considered by the Department of Defense and by the Joint Chiefs in terms of the mission to be assigned to U.S. forces, whether in Iraq or elsewhere. I really can't speak to that.

What I can speak to is the oversight and accountability which the Department of State has and must exercise over those private security contractors that work for us today in Iraq. That is a responsibility we take quite seriously. It is a responsibility that we will be carrying out in terms of this overall review in a very comprehensive fashion and we will make the results of that available.

Ms. WATSON. OK, my time is up, and there is a call to go to the floor. But I would just like to say in closing as I run out the door, I think somebody from the State Department ought to come and talk to me.

Chairman WAXMAN. Thank you, Ms. Watson.

Ambassador GRIFFIN. We will get on your schedule at your earliest convenience, and we look forward to talking to you.

Chairman WAXMAN. Mr. Shays.

Mr. SHAYS. Thank you.

Gentlemen, would you agree that there is a huge difference between an ambassador in a country where there is not a threat to their lives and the challenge that Ambassador would have with a contracting team that is to protect them and one in places like Jordan and other areas in the Middle East and particularly Iraq? Is there not a big difference? In other words, don't you have a lot more contractors having to secure people in a nplace like Iraq versus what an Ambassador would have to protect his or her well-being?

Ambassador SATTERFIELD. Some of the personnel that we have under contract——

Mr. SHAYS. I want you to move the mic closer, please.

Ambassador SATTERFIELD. I am sorry?

Mr. SHAYS. Move the mic closer to you, please.

Ambassador SATTERFIELD. Some of the people at our posts around the world are part of our local guard force. And those local guards——

Mr. SHAYS. You are not answering the question. I asked is there a difference.

Ambassador SATTERFIELD. There is a huge difference between Baghdad——

Mr. SHAYS. Thank you, there is a huge difference.

Ambassador SATTERFIELD. My point is there are guards——

Mr. SHAYS. Case closed. Let me take the next question. I only have 5 minutes. It's an easy answer. There is a big difference. The men and women who are being defended in Iraq by security people, their lives are in danger every day. Now, Mr. Satterfield, isn't it true the Ambassador has responsibility in Iraq for those security personnel?

Mr. MOSER. Indeed he does, Congressman.

Mr. SHAYS. Thank you. And does he exercise it?

Mr. MOSER. Yes, he does.

Mr. SHAYS. Thank you. Would you tell me, Mr. Satterfield, can you describe the process that is followed by the Department—excuse me. Let me ask this question. If there were sufficient, I would like to know if there were sufficient military personnel to provide armed escorts for convoys in Baghdad and conduct protection, would you still use contractors to provide such security?

Ambassador GRIFFIN. As I mentioned a minute ago, Mr. Shays, if the outstanding young men and women of the military received training in protective security operations, then they certainly would be capable of performing——

Mr. SHAYS. That is not what I asked. I want to know if you have a preference for using—and I am sorry, these are basically simple questions. I want to know if your choices between people, outside contractors, or would you like to use the resources of the military to have to spend their time to protect State Department employees. Do you want State Department employees to go around in HumVees with lots of armored personnel, or would you prefer that they go around the way they do in civilian clothes with people who are securing them that aren't in Army uniforms?

If you prefer the Army, tell me to do it.

Ambassador GRIFFIN. All I was saying is the Army would be capable of doing it if it was done in the manner which we prescribed, which would not be HumVees, they would not be in uniforms. The protective security personnel that we utilize are trained for that specific mission.

Mr. SHAYS. If they were Army personnel, would they be under your command and oversight? Or would they be under the command of the Army?

Ambassador GRIFFIN. If they were performing a protective mission of the Ambassador and other——

Mr. SHAYS. Do you command the Army or does the Army command the Army?

Ambassador GRIFFIN. The Army command the Army.

Mr. SHAYS. So the answer is, isn't it, that they would be under the command of the Army and not under your jurisdiction and

oversight if they were in fact Army? I don't want to put words in your mouth?

Ambassador GRIFFIN. No, no. Well, I guess they would be.

Mr. SHAYS. I am just asking the question. Yes, sir.

Let me ask you this. Would it be a problem if in fact you had no responsibility and they were to be answerable to the Army? Generals and so on.

Ambassador GRIFFIN. I think that is a national policy consideration, as to the staffing levels of the Army to perform that mission.

Mr. SHAYS. Well, as a Peace Corps volunteer, and I will just make this point, the last thing you want when you are going into the community is to come in with a military force. What you want is to have a low profile. You want a protocol that says you don't bring in tanks, you don't bring in HumVees, you bring in a civilian car, you want people dressed in civilian clothes for the most part, not dressed in Army uniform.

Let me ask you in closing, Mr. Satterfield, when Mr. Bremer went into places, wasn't one of the criticisms that he was going in with the Army, with a high profile of military personnel and having an Army footprint instead of having a civilian footprint?

Ambassador SATTERFIELD. Congressman, around the world, whether it is at a critical threat post or a different threat level post, we try to make our protective details, our presence, as low profile as possible consistent with the protect mission, as unobtrusive as possible, and as consistent with the civilian setting in which we operate as possible.

Mr. SHAYS. Thank you.

Chairman WAXMAN. The gentleman's time has expired.

Mr. Cooper.

Mr. COOPER. Thank you, Mr. Chairman.

I took my 88 year old mother to the movies the other day. We saw a movie called No End In Sight. It is really more of a documentary than a movie. In the middle of it, they say that the following footage was filmed by a U.S. security contractor, and he or she set the film footage to their own music. So it sounds like MTV, driving rock music. But the video footage is truly startling. It is shooting up cars, apparently on a street in Baghdad, killing civilians, to this driving rock music.

Is the State Department aware of this film or have you made inquiries as to which contractor, employee or independent contractor shot this footage?

Ambassador GRIFFIN. No, I am not familiar with the footage.

Mr. COOPER. And you are not familiar with the fact that it is being shown all over America?

Ambassador GRIFFIN. I am not familiar with the footage.

Mr. COOPER. Ambassador Satterfield, same answer?

Ambassador SATTERFIELD. I am aware of that footage. It is outrageous. The U.S. Government responded in just that fashion at the time it was initially circulated, I believe that was some years ago. It may be featured in a movie today, but the film footage is not new. It does not reflect in any way the standards of conduct that are prescribed by our regional security office on the operation of any private security contractor operating in Iraq, not today and not then.

Mr. COOPER. So you have not seen it, but you know it is not true?

Ambassador GRIFFIN. I have seen that footage.

Mr. COOPER. Mr. Ambassador, you say in your testimony, in those rare instances when security contractors must use force, management officials at the embassy conduct a thorough review to ensure that proper procedures were followed. Ambassador Negroponte has tried something similar just days ago. The committee tried to find out about an incident that happened on November 28, 2005. That is when a Blackwater convoy deliberately smashed into 18 different cars en route to and from the Ministry of Oil. Blackwater's own internal memo on the incident said that Blackwater's tactical commander on that mission "gave clear direction to the primary driver to conduct these acts of random negligence for no apparent reason."

We have the Blackwater memo right here, the Blackwater aviation team that was accompanying convoy pointed out the problems. It also says that when Blackwater officials responsible were questioned about this incident, they gave statements, official statements, that your own employees said were "deemed to be invalid, inaccurate and at best dishonest reporting."

So we have a problem here, and the State Department investigates problems. Well, when the committee asked the State Department about this incident, we got no response. So we don't know whether that means you investigated it and won't tell us, or you didn't investigate it. Which is it?

Ambassador GRIFFIN. There were a number of incidents that the committee requested reports on 6 days ago. I regret that we were unable to pull all those reports together in time for the hearing. We will certainly provide those reports for the record.

Mr. COOPER. We requested this in March of this year. So it has been more like 6 months than 6 days. Are you saying that Blackwater's recordkeeping is better than yours?

Ambassador GRIFFIN. No, I am saying that there were a number of other requests made 6 days ago, and I don't have instant recall of all of them. But we will certainly get a report to you about this particular incident.

Mr. COOPER. Another question. Blackwater testified they hired away a number of military personnel. And Secretary Gates is even worried about that, and has talked about non-compete agreements. How many diplomatic security folks have they hired away?

Ambassador GRIFFIN. I am not aware that they have hired any.

Mr. COOPER. Do you take that as an insult, they don't covet your employees?

Ambassador GRIFFIN. No.

Mr. COOPER. Do you take it as an insult that we have to have extra help in so many places around the world, including Haiti? Are you not training your folks up to that level?

Ambassador GRIFFIN. I take it as an indicator of the environment that we are operating in a number of posts around the world.

Mr. COOPER. Have you requested the money or the training or the resources to train your people up to the level that we need them in Jerusalem and Port Au Prince and Kabul and Baghdad and Basra and lots of places around the world?

Ambassador GRIFFIN. My people have the training necessary to work in those areas, and they are working there. But we don't have the numbers of people that it would take to fully staff all of those operations, and we don't have all of the various areas of expertise, as I mentioned, such as helicopter pilots and medics and armorers and mechanics, etc.

Mr. COOPER. Have you asked for the additional resources so that you could augment your forces to meet the mission in those areas?

Ambassador GRIFFIN. We have requested additional resources. But again, the question includes whether or not you hire a full-time Government employee who is an employee for 25 or 30 years when the mission might only last 2 years. So certainly there is a middle ground somewhere.

Mr. COOPER. So the State Department is saying we are exiting from Iraq in 2 years?

Ambassador GRIFFIN. No. I am just saying that we have deployed in other places, going back to 1994. And certainly at the beginning of a mission, it is hard to predict exactly how long the operation will go on. But that we have operated in a number of different countries using these protective security specialists.

Chairman WAXMAN. The gentleman's time has expired.

Mr. Issa.

Mr. ISSA. Thank you, Mr. Chairman.

I am going to continue along that line, because I think it is a very good line of questioning, and I appreciate this part of the hearing, because I think we are getting to some fundamental questions about, what we are supposed to be Oversight and Government Reform. And if at the end of this day the oversight doesn't lead to constructive dialog on reform, then we didn't do our job.

When we look at nominally 1,000 security people related to the State Department, 800, almost 900 in Iraq, if, hypothetically they all were standard pays and training that you have somewhere else in the world, how often would you have to be rotating these people in? This is assuming that every one of those 900 or so positions were standard security within the State Department security apparatus. What would that do to your rotating into Iraq? How often would these people be going to Iraq?

Ambassador GRIFFIN. Presently, the rotation is 1 year.

Mr. ISSA. No, no, that is not what I am saying. What is the total number of Government employee RSOs and below that you have at your disposal worldwide, not including contractors?

Ambassador GRIFFIN. Our total staffing is roughly 1,450.

Mr. ISSA. OK. So every year, almost, figuring schooling and retirement, every year you would be rotating half your people in. You have 1,400. If we added 1,000, then you would have 2,400 and you would need 1,000 of them in Afghanistan and Iraq, is that right?

OK, so this is a surge of huge proportion, isn't that right?

Ambassador GRIFFIN. Yes, it is.

Mr. ISSA. But let's go to a couple other areas.

Ambassador Satterfield, you and I have known each other for a few years, because of my travels to Lebanon while you were there. You have been a specialist in the Middle East. When you were Ambassador in Lebanon, this is an area in which the State Department contracts itself for its employees, is that correct?

Ambassador SATTERFIELD. That is correct.

Mr. ISSA. OK. At the time that you were Ambassador in Lebanon, what was your amount of career foreign service personnel that were security, your RSO and so on, versus the contracted personnel that were mostly Lebanese?

Ambassador SATTERFIELD. We had a team of approximately eight RSOs. We had approximately 450 local guards who mainly performed static guard duties of mission. We had a team of about 75 bodyguards who had a specialty protective rule both at the compound and more importantly, outside the compound.

Mr. ISSA. And substantially, that is still what is going on at Embassy Beirut?

Ambassador SATTERFIELD. Those ratios have changed, Congressman, in terms of the number of local guards, the number of bodyguards and the number of RSOs. But the ratios in general are similar.

Mr. ISSA. So I am trying to understand, from a standpoint of how you do business in a situation like Beirut, which since 1983 has been unique, you have refined it. But for all practical purposes, what you do is you use your career State Department people, many of them at the pinnacle of their training and experience, to oversee essentially 75 mostly national——

Ambassador SATTERFIELD. All national.

Mr. ISSA. All national trigger-pullers, to use a term that has been used here today, and another 450 watchtower people. And that is an efficient way to leverage your U.S. citizens relative to the total exposure to the U.S. Government at Embassy Beirut.

Ambassador SATTERFIELD. In Beirut, we found it a highly effective way to run the operation.

Mr. ISSA. OK. So this is a model that would not be unreasonable if we knew we were going to be doing the next 20 years in Iraq at this level? Is that true, Ambassador Griffin?

Ambassador GRIFFIN. That is true. And the fact is that if you look at all of our posts worldwide, we have in excess of 30,000 local guard force employees that secure our embassy and consulate facilities overseas.

Mr. ISSA. OK, so I am going to ask you the question, this is the reform question, again. Do you have or are you working out plans for areas like Haiti, Bosnia, Afghanistan and Iraq to increase the number of direct contract personnel, particularly indigenous, where appropriate, in order to both increase the domestic participation and reduce the reliance on out of country and comparatively expensive contract people?

Ambassador GRIFFIN. I think Mr. Moser can talk about the cycle for our contracts and the fact that they are of a short term. We are always looking for ways to improve the way we do business.

Mr. ISSA. I understand that you can terminate Blackwater at the end of a year, any time you want. But I guess the question, because this is a committee that should be looking at the long-term costs, and I share with the chairman the fact that we shouldn't be spending $200,000 forever if we could be spending in some cases a lesser amount and getting as good or better service, whether or not that is a career foreign service person or an indigenous person taking the place.

Mr. MOSER. Mr. Issa, I have been in the Foreign Service for a number of years, too, and I have actually been, visited or actually served in a couple of posts in the Middle East. I think my career colleagues in diplomatic security would agree that our preference is to always use local personnel for these services, if it is possible to do so. It is not in the State Department's interest to have expatriate contractors for these kinds of services. It is only something we do in the most extreme circumstances. Just as you pointed out, and in Mr. Satterfield's experience in Beirut, that is closer to our traditional model.

Chairman WAXMAN. Thank you very much, Mr. Issa.

Mr. ISSA. Thank you, Mr. Chairman.

Chairman WAXMAN. Mr. Lynch.

Mr. LYNCH. Thank you, Mr. Chairman. I want to thank the panelists for their testimony.

Ambassador Satterfield, in the testimony you prepared for today's hearing, you wrote: "In those rare instances when security contractors must use force, management officials at the embassy conduct a thorough review to ensure that proper procedures were followed." I would like to ask you about the investigation conducted by the State Department, and a couple of incidents we have looked at. I might only get through one.

During our investigation, we found that on June 25, 2005, a Blackwater operator shot and killed an innocent Iraqi bystander in Al-Hillah. According to State Department e-mail, Blackwater personnel failed to report the shooting, they covered it up, and subsequently they were removed from Al-Hillah. The State Department then in their e-mail asked Blackwater to pay $5,000 in compensation.

But we have no information showing that the State Department ever conducted an investigation of that incident in Al-Hillah. Could you tell me, was an investigation ever conducted?

Ambassador SATTERFIELD. Congressman, if you will, we will get back to you with full details of that incident and the investigatory followup.

Mr. LYNCH. You are kidding. This is a June 25, 2005 case.

Ambassador SATTERFIELD. Congressman, we will respond in detail on the questions you have posed.

Mr. LYNCH. But sir, you were the Deputy Chief of Mission at the time. You don't recall this?

Chairman WAXMAN. Congressman, I do not recall in the fashion necessary to respond to your question in the detail it deserves.

Mr. LYNCH. I am just asking if there was an investigation. That is not, OK, you have the shooting, you were there, do you remember if there was an investigation? That is not heavy on detail?

Ambassador SATTERFIELD. And Congressman, I would prefer to respond to you in writing on this.

Mr. LYNCH. Are you refusing to answer?

Ambassador SATTERFIELD. No, Congressman, I want to give you a full answer. I am not able to do that at this time.

Mr. LYNCH. I am just looking for a yes or no. Was there an investigation, yes, if there wasn't an investigation, no?

Ambassador SATTERFIELD. I am not able to confirm the details of what happened following that incident at the time.

Mr. LYNCH. I am not looking for the details. I am just looking for the fact of an investigation, did it occur or didn't it occur?

Ambassador SATTERFIELD. Congressman, I will have to check on that for you.

Mr. LYNCH. So you don't know, you don't remember if there was an investigation?

Ambassador SATTERFIELD. I cannot recall.

Mr. LYNCH. OK.

Chairman WAXMAN. Will the gentleman yield to me?

Mr. LYNCH. I will yield to the gentleman.

Chairman WAXMAN. The committee asked for investigative reports and other documents relating to incidents involving allegations of Blackwater's misconduct which would presumably include shooting civilians and seeking to cover it up. But virtually none were provided. That fact alone casts doubt on the sufficiency of any State Department investigations into these incidents.

We have had a better response from Blackwater than we have from the State Department on getting information. Does that bother you as much as it bothers me, or do you have to find out whether you feel that way or not?

Ambassador SATTERFIELD. No, Mr. Chairman. I——

Chairman WAXMAN. I can't understand why we don't get responses from the State Department.

Ambassador SATTERFIELD. We will be responding fully to all of the requests made both at this hearing and by the committee.

Chairman WAXMAN. Well, some of these requests were made in March, some were requested in June, we are already holding the hearing. We made requests so that we could have them before the hearing, not so that we could get them after the hearing.

I thank the gentleman for yielding.

Mr. LYNCH. With all due respect, reclaiming my time, sir.

Look, what I am getting at is this. The State Department works hand in hand with Blackwater, from my own experience in Iraq, in a fairly coordinated team approach in protecting State Department personnel. The closeness of that relationship between State Department personnel, look, Blackwater is protecting these folks every single day in a very hostile environment. Friendships develop. Reliance develops. It is just not possible, because of the conflict that is created, that the folks that are being protected, State Department, are going to do an objective job in reviewing the conduct of the people who are protecting them.

And all I am suggesting is this, please, if you can answer this question. Don't you think it might provide a little separation and a more objective assessment of Blackwater's conduct if we had a special inspector general reviewing those incidents, so that there be a little space there, they wouldn't be reviewing the conduct of people that protect them every day? If you would take a crack at an answer on that one. Thank you.

Ambassador SATTERFIELD. Congressman, we do take the issue you raised very seriously, about distance, transparency, objectivity of review of incidents, as well as objectivity of review of rules of operation in general, conduct in general. We are looking at that right now comprehensively.

But to go back to your original question, do we believe it is possible to objectively oversee the operation of security personnel in the field who protect us? Yes, we believe that is possible. It is executed every day around the world. There are dismissals from service made every day in response to incidents. This is done.

But we are looking at the overall picture in Iraq right now. And we will consider what steps may be appropriate.

Mr. LYNCH. Here is my problem with that answer. The case which I cited, there was a killing of an innocent Iraqi, the RSO in question, I think, worked for you and Ambassador Griffin. They were part of the review of the incident itself. So just from an objective standpoint, looking at the whole situation, there may have been some complicity or some involvement, or, let's call it negligence even on the part of that individual, and they are now reviewing the events in question.

So that is all. I would just like some good, hard objective review of the conduct here that would not be tainted by these relationships. I yield back.

Chairman WAXMAN. Thank you. Blackwater and the private contractors have to be responsive to you. But you have to be responsive to us. We have the oversight jurisdiction and you have the oversight jurisdiction over Blackwater. We want to know if you are exercising that oversight responsibility.

Ms. Schakowsky.

Ms. SCHAKOWSKY. Thank you, Mr. Chairman.

I would think that the State Department is very concerned on whether or not these private contractors, security contractors, are actually helping us achieve our mission, that is, whether they are helping to win hearts and minds or exactly the opposite.

So what we are seeing is that this is a benign function, all these various incidents. Are they making the job harder? For example, after the Fallujah Four were humiliated and killed in Fallujah, we had the Battle of Fallujah, where a number of our forces who participated, a large number, were killed there. The latest incident that we had has enraged the Iraqis, but also shut down the Green Zone essentially, so that our diplomats couldn't leave for a certain period of time.

I am just very concerned that all of these things have been virtually ignored, and in fact, when it comes to Blackwater, the position that seems to be taken with a number of different quotes of e-mails and memos has been, let's just pay people off and put this incident behind us. I could go back and quote all these various things, but I think you have probably been here and heard that.

I am concerned that you are allowing these private contractors to hurt our mission in Iraq. And I would like a comment.

Ambassador GRIFFIN. If I may, David. Again, realizing the environment that we are operating in in Iraq, just this calendar year, Blackwater has been involved in 3,073 missions, protective missions on behalf of the State Department. Let me correct myself. There have been 3,073 country-wide missions by the——

Ms. SCHAKOWSKY. I heard all that. That is the Blackwater talking points. I have heard those.

Ambassador GRIFFIN. This is a DS talking point. The reality is, this year, there have been 6,000 attacks per month going on in

Iraq. That is the environment that they are trying to perform the protective mission in, 6,000 attacks per month.

Ms. SCHAKOWSKY. And I am not questioning the level of violence in Iraq. I am asking, and I will move on, I guess in some ways I was commenting that these private security guards who, we are unclear on what kind of oversight we can exert and what you can exert, have been damaging our mission in Iraq.

So let me proceed to that. Under CPA, the Coalition Provisional Authority Order 17, contractors have immunity from the Iraq legal system. I heard you say, Ambassador Satterfield, that you were going to review, this is 4 years later, the effectiveness of CPA Order 17. Don't you think there is prima facie evidence, since only two contractors that I know of have been prosecuted in any way that we are insufficiently providing oversight?

Ambassador SATTERFIELD. Congresswoman, CPA Order 17——

Ms. SCHAKOWSKY. Deals with Iraqi law.

Ambassador SATTERFIELD [continuing]. Which is part of Iraqi law——

Ms. SCHAKOWSKY. Right.

Ambassador SATTERFIELD [continuing]. Provides immunities not just for security contractors, but for our armed forces in Iraq, for diplomatic personnel of all diplomatic and consular missions, not just that of the United States, in Iraq and for contractors associated with them. It is a very broad mission.

Ms. SCHAKOWSKY. And does it still apply to everyone? They are not subject to Iraqi law at all?

Ambassador SATTERFIELD. CPA Order 17 provides immunities for those classes of individuals, military and civilian, diplomatic and non-diplomatic, operating in Iraq today. But the question you raise, Congresswoman, is broader than the operation of CPA Order 17, and we recognize that.

Ms. SCHAKOWSKY. Correct.

Ambassador SATTERFIELD. It deals with issues of jurisdiction and authority in U.S. domestic law, not just the operation of a piece of Iraqi law that provides immunity to Iraqi prosecution.

Ms. SCHAKOWSKY. Right. And so is it your position that a Blackwater contractor working for the State Department can be court martialed in the military justice system?

Ambassador SATTERFIELD. The issue of jurisdiction and operation of U.S. domestic law, the reach of U.S. domestic law, over individuals who are covered by the operation of CPA Order 17——

Ms. SCHAKOWSKY. No, no——

Ambassador SATTERFIELD [continuing]. In certain cases is a question being examined now.

Ms. SCHAKOWSKY. So almost 5 years later, we are now figuring out who is subject to what laws?

Ambassador SATTERFIELD. This is a broader issue than Iraq, CPA Order 17 or Blackwater. It is a global issue involving jurisdiction.

Ms. SCHAKOWSKY. Do you think it is a problem that almost 5 years into, or 4½ years into the war, that only two of the God knows how many people of the 160,000 we think are now serving in terms of contractors have been formally charged with anything

and prosecuted? Don't you think that is prima facie evidence that we are not doing enough?

Ambassador SATTERFIELD. No, Congresswoman, because that would require an examination of whether in fact there was a body of individuals for whom there was reason to believe prosecution should be made. And I am not able to comment on that.

Ms. SCHAKOWSKY. So you would say that perhaps only two people out of all those private contractors that have served should be charged with anything?

Ambassador SATTERFIELD. Congresswoman, I am not able to comment on culpability under U.S. law, existing or——

Ms. SCHAKOWSKY. I am asking you to comment on whether our oversight structure is sufficient if that has been the outcome.

Ambassador SATTERFIELD. There are significant issues involving the clarity and application of U.S. domestic law with respect to certain classes of individuals who operate in environments such as Iraq, but not exclusively in Iraq.

Chairman WAXMAN. The gentlelady's time has expired.

Mr. Cummings.

Mr. CUMMINGS. Thank you, Mr. Chairman.

Gentlemen, first of all, thank you for being with us. Blackwater has had enormous growth in the size of its Federal contracts. Would you agree, Mr. Satterfield?

Ambassador SATTERFIELD. [No audible response.]

Mr. CUMMINGS. Mr. Moser.

Mr. MOSER. I have been told that is true. I am really only concerned with the growth of its size with regard to the State Department. And that operation has grown some.

Mr. CUMMINGS. In 2000, the company had less than $1 million in Federal contracts, but since then, the company has received over $1 billion in Federal contracts. I consider that incredible growth for any company.

The first State Department contract that Blackwater got was awarded in June 2004, is that correct?

Mr. MOSER. Yes, that is correct.

Mr. CUMMINGS. It was a contract to provide security services to State Department officials in Iraq. And it was worth over $300 million, is that correct?

Mr. MOSER. Yes, that is correct.

Mr. CUMMINGS. What bothers me is that this contract, and I know you talked about this a little bit earlier, Mr. Moser, but it was a no-bid contract.

Mr. MOSER. Yes, it was a sole source award.

Mr. CUMMINGS. And according to the Federal procurement data base, the contract was awarded as a sole source contract without any competition on the basis of urgency, is that correct?

Mr. MOSER. On the basis of urgent and compelling, because we were transitioning from the Coalition Provisional Authority to a State Department entity, that is correct.

Mr. CUMMINGS. And how do we determine, let's say we have 12 companies that can do the same thing. Do you just pick up the phone and say, hey, guys, I think we want to give you this $300 million contract? What do you do? All things being equal, urgent situation, how do you determine? Because, let me tell you some-

thing, if you choose Blackwater and I am Company X and I can do the same thing, and you say, well, we gave it to Blackwater because of urgency, I want to know, well, hey, why wasn't I in the pool for the urgent group?

Mr. MOSER. Mr. Cummings, that is a very, very good question. As the head of the acquisition activity, we are always concerned about promoting competition. This one was done for urgent and compelling reasons. It is something the acquisition activity does very reluctantly. At the time when that was done, there was market research done. We examined the capabilities of four other firms and made the determination whether they could take on this task of providing these services.

Realizing that we had done a sole source contract, we worked with our partners in diplomatic security and awarded on a competitive basis the worldwide protective services contract iteration two in the next year, so that we only had a sole source award for that 1 year for urgent and compelling reasons. And as I said earlier in my remarks, because we were very concerned about this contract, we asked for an independent cost audit to be done on this. This is something we take very seriously.

Mr. CUMMINGS. Yes, you say the audit was done when?

Mr. MOSER. The audit was done actually in January 2005. In other words, of the current contract award. And we actually negotiated down the cost of that contract by about $25 million.

Mr. CUMMINGS. Let me make sure I am clear on this. Are you trying to tell me that when you did this evaluation, you said there were four other companies, are you trying to tell me that those four other companies were not as qualified as this company?

Mr. MOSER. That is correct. Given the urgent and compelling circumstances, we did not feel that they could meet the Government's need at that time.

Mr. CUMMINGS. And were there any other companies that you considered outside now of the total of five? In other words, you have Blackwater, who got the contract, $300 million, and then we have four other companies that weren't apparently qualified. I guess I am concerned about this qualified pool. I hear people talk about pools and who is qualified. And I am trying to figure out who is qualified and how are they qualified, because I can, I mean, I can imagine there are a lot of people that feel like they have not been treated right.

Mr. MOSER. And I agree with that, Mr. Cummings, and that is the reason why we use the authority within the Federal Acquisition Regulations to use an urgent and compelling reason to award a contract very sparingly. This is the reason why that when we did this particular award, we had it reviewed by our procurement executive to make sure, and by our competition advocates, to make sure that we were not unjustifiably taking this action. That is the reason why we were so anxious, 1 year later, to award this competitively.

Mr. CUMMINGS. It is my understanding that the previous year they had a contract for $3 million and then, lo and behold, the next year, $300 million. Boy, that sounds like the lottery.

Mr. MOSER. I can understand that, too. But I really can't speak about any contract that was awarded by the Coalition Provisional Authority.

Mr. CUMMINGS. But would you have looked at those contracts? Would that have been a part of your consideration?

Mr. MOSER. Yes. We would have actually examined those for the past performance criteria.

Mr. CUMMINGS. And who made the decision? Who made the final decision to award it and who signed the contract?

Mr. MOSER. I would have to look. I can't remember which one of my contracting officer's staff actually signed it. I would have to look at that contract. But that contracting action has gone through and we have actually given those documents to the committee. I see my colleagues on the staff, they have received copies of those several times.

Chairman WAXMAN. Did that go any higher than just your contracting officer? This is a pretty serious thing.

Mr. MOSER. Yes, as I said, it was signed by the procurement executive of the Department of State, which is not part of the acquisition activity. He is an independent entity. It was also signed by our acquisitions attorney to make sure that it had full legal review.

Mr. SHAYS. Was this in 2004? Not 2007, not 2006?

Mr. MOSER. This was in 2004.

Mr. SHAYS. It was in 2004 under Mr. Bremer?

Mr. MOSER. No, actually 2004, as the embassy was stood up. In other words, the 2003 award, I think it was 2003, and this is where I am not really competent to speak, I think it was made under Mr. Bremer. And I can't really speak to that. I can only speak to the contracts the State Department has awarded.

Chairman WAXMAN. May I ask this question of maybe the others, maybe Ambassador Satterfield or Ambassador Griffin would know, maybe you know, you told us who signed it, but who approved it? How high up did it go in the State Department for approval? It is a large contract.

Mr. MOSER. Oh, OK. The head of the acquisition activity signed the sole source justification. That is the senior executive service officer. It was reviewed by the Deputy Assistant Secretary at the time who I replaced.

Chairman WAXMAN. Deputy Assistant Secretary?

Mr. MOSER. Deputy Assistant Secretary, yes.

Chairman WAXMAN. Thank you.

Mr. CUMMINGS. I just have one other question, very briefly. Do you look at a company's capacity to perform a contract?

Mr. MOSER. Yes, we do.

Mr. CUMMINGS. And did you look at it in this instance?

Mr. MOSER. Yes, we did.

Mr. CUMMINGS. Did they have the resources to do this contract at that time, or did they have to use the $300 million to ramp up to doing it?

Mr. MOSER. No, in fact, Congressman Cummings, we actually always look at the capital requirements in the contract and then look and see if the contractor, the offeror in this case, because he is not really a contractor until he has gotten an award, if the offeror has

the financial capacity in order to provide the resources that we are going to need.

And this is a typical, this is very much a business analysis type decision. Because what we are looking to make sure is that they are going to be depending on the next paycheck to come so that they can actually keep on going. We never want to put the U.S. Government at risk in that kind of situation. Because in fact, our biggest criterion at the end of the day is what risk is the Government at in terms of the financial arrangements in the contract.

Chairman WAXMAN. Thank you very much.

In conclusion—yes?

Mr. ISSA. We were going to alternate the time?

Chairman WAXMAN. We had Mr. Cummings take the questions. Do you want to ask a question or two? Do you want a minute?

Mr. ISSA. I do. My understanding, Mr. Chairman, was——

Mr. SHAYS. Take a minute. He's given you a minute. Just take it.

Chairman WAXMAN. OK, your questions, in a minute.

Mr. ISSA. I will be brief.

Chairman WAXMAN. The gentleman is granted a minute.

Mr. ISSA. The recent report by Retired General Jim Jones and Chief Ramsey appears to say in pretty much no uncertain terms that there are roughly 300,000 police forces throughout Iraq, 85 percent of whom are Shia, who are constituted in large amounts by people who are not working in the best interests of fairness and justice in Iraq, and that they have been so infiltrated by people who will in fact kill Sunis and do other things wrong that they should be, for all practical purposes, torn down and started over again.

In that environment, and this is for Ambassador Griffin, what does that mean to anyone, DS or contractor, trying to protect your people when Iraqi police forces appear to be coming on the scene?

Ambassador GRIFFIN. As you can well imagine, it is an extremely difficult task, as is, and if you are not sure if the people who are supposed to be supporting your mission are really with you or not, it only makes it more complicated. We recently had an incident in Baghdad in September where one of our convoys that was out to do an advance for a chief of mission motorcade proceeded through an intersection where the traffic was being held up by a police official in order to clear the way for our motorcade which was promptly hit by an EFP, an explosively formed penetrator.

Mr. ISSA. The worst of all.

Ambassador GRIFFIN. The worst of all. It resulted in three injured Blackwater employees who had to be Medivaced to the combat support hospital after the small arms fire ceased, because it was a complex attack.

So it makes it extremely difficult. And it is part of this environment that I alluded to where you have 6,000 attacks a month and you don't always know who is with you and who is against you.

Chairman WAXMAN. Thank you——

Mr. ISSA. Final question——

Chairman WAXMAN. No, Mr. Issa——

Mr. ISSA. Mr. Chairman, the rules of the committee——

Chairman WAXMAN. Your time has expired.

Mr. ISSA. Mr. Chairman, are we going to have regular order?

Chairman WAXMAN. Mr. Shays is recognized for any closing comment he wishes to make. Your time has expired. I am only going by the rules.

Mr. ISSA. Mr. Chairman—would you yield for a final comment?

Mr. SHAYS. No.

Let me just thank you, Mr. Chairman, for holding this hearing and making sure it didn't focus on an incident we do not yet know the facts on. I want to thank our first panel and also our second and say, as I wrestle with this issue, it seems to me we are really debating whether, one, we want contractors or we want the Army. Or a second issue is, do we want the State Department to have its own protective force that would be paid employees. I think these are all issues that are valid and we need to have dialog on it.

I want to say to you again, Mr. Satterfield, when I have been in Iraq, you have been at the forefront of tremendous sacrifice for our country. Mr. Griffin, our paths didn't really cross. But I just want to say to you, Mr. Satterfield, thank you for your service in Iraq.

Again, Mr. Chairman, thank you.

Chairman WAXMAN. I just want to conclude by saying, it is interesting how, at the end of the hearing, we come to the recognition on both sides of the aisle that this is a valid question and an important one, whether we should contract out these kinds of services in Iraq or anywhere else. At the beginning of this hearing, all we had from the other side of the aisle were complaints that we shouldn't even be holding this hearing.

Now, as far as the State Department is concerned, what we have heard is that this was anticipated to be temporary. You need to quickly put out a contract, because it was going to be a temporary matter. Yet the embassy was being built for $600 million. This doesn't indicate to me that there was going to be a temporary presence in Iraq. It indicates to me that we were planning to be in Iraq and may still be planning to be in Iraq for a very long period of time.

I can't understand why a security officer that is hired by Blackwater should be paid two or three times what our commander in Iraq is paid. It confuses me why we need Mr. Prince to figure out to hire military veterans and give them the training to do the job that the State Department could do with these military personnel. I just think no one cared about the money because Blackwater was organized and you just paid them an aamount of money and they did the job.

From my point of view as a chairman of an oversight committee, and I want to work together with Democrats and Republicans, the taxpayers are not getting their money's worth, by all the billions of dollars that have gone to Blackwater and these other private security contractors, when it could have been done a lot cheaper. And we are not getting our money's worth, when we have so many complaints about innocent people being shot, and it is unclear whether they are actually being investigated by the State Department, because we haven't had cooperation from the State Department to even tell us if investigations have been done by them.

So if we are paying more and getting less than what we can get from our military, I think that the American people are entitled to

ask why, and I still am not satisfied after this whole long day of hearings, that I have had a good answer to this question.

I thank the three of you very much for being here. We will continue to be in touch with you, because we think you owe us more answers and we are going to continue to ask the questions until we get those answers.

The committee stands adjourned.

[Whereupon, at 3:39 p.m., the committee was adjourned.]

[The prepared statements of Hon. Diane E. Watson and Hon. Bill Sali, and additional information submitted for the hearing record follow:]

Opening Statement
Congresswoman Diane E. Watson
Oversight & Government Reform
Hearing: "Blackwater USA: Private Military Contractor Activity in Iraq and Afghanistan"
Tuesday, October 2, 2007

Thank you Mr. Chairman for holding today's very important hearing that will focus on the involvement of Blackwater's personnel in Iraq and Afghanistan. It is imperative that we find out if Blackwater's presence in the theatres of operation is a benefit or hindrance to U.S. strategic goals. I also look forward to learning more about the September 16, 2007 shooting that led to the death of several Iraqi civilians. I would like to thank Mr. Prince for cooperating with this committee as we try to gather insight on this issue.

According to the Congressional Research Service (CRS), since the start of the wars in Afghanistan and

Iraq, there have been over 900 civilian contractors killed and at least 12,000 wounded in combat and non-combat related incidents. This fact should by highlighted along the fact that there have been four thousand two hundred and thirty seven (4,237) troops killed in Afghanistan and Iraq, and another twenty-nine thousand six hundred and sixteen (29,616) wounded. This is the price Americans have paid to fight the Global War on Terrorism.

However, the numbers of American lives that have been lost are disturbing, but that is no excuse for active military and contractors to lose their sense of professionalism, or should we ask a larger question and look to determine if the incidents concerning the killing of civilians is related to Fog of War.

Congress needs to understand the circumstances that arise from fighting an enemy that hides in the shadows and wears civilian clothes as their uniform, and then ask ourselves, does this have an affect on American personnel that fight continuously without end, and from what I can tell, without clear objectives?

I am very concerned about Blackwater's role when they get involved in U.S. military operations. In April 2004 and November 2004 Blackwater personnel attached themselves to U.S. troops and engaged enemy positions. These actions may have set a bad precedent and may have been a catalyst that led up to the September 16th shooting death of Iraqi civilians.

I am also concerned about Blackwater's unprecedented rise in procurement of federal government contracts. Initially, Blackwater was awarded no bid contracts for security services in August 2003 and June 2004 worth more than 73 million dollars.

In ten years, Blackwater has risen from a small company, to a company that has received more than a billion dollars in federal government funds since 2001.

Mr. Chairman, I hope this committee can begin to work to grasp a better sense of Blackwater's role in Afghanistan and Iraq, and determine if the level of funding for Blackwater's security services is actually necessary. I yield back the remainder of my time.

Statement of U.S. Rep. Bill Sali (R-ID)
House Committee on Oversight and Government Reform
Hearing: "Blackwater USA: Private Military Contractor Activity in Iraq and Afghanistan"
October 2, 2007

Mr. Chairman and Ranking Member Davis,

Our hearing today captures the great themes of public life – war and peace, life and death. Its subjects go to the heart of what a nation at war must deal with, grimly and persistently, as long as conflict lasts.

No one likes this. And none of us, whatever position we take on Blackwater or Iraq or any related subject, takes lightly our solemn duty to appraise these issues. We grieve with families in pain. We are saddened by the loss of innocent life, regardless of whether American or Iraqi. And we wrestle with how we might most effectively move forward with policies that will enable us to advance stability, freedom and security in Iraq.

The events of September 16 demand scrutiny. Yet the investigations into this matter are ongoing and the State Department and the U.S.-Iraqi commission have yet to issue their official reports on this incident. We simply don't know all the facts, nor will we likely come close to gathering them in today's hearings.

Earlier this year we had a hearing relating to another tragic incident involving Blackwater employees in March of 2004. Then, Blackwater was criticized for not being aggressive enough. Today the criticism appears to be that they were being too aggressive.

As any combat veteran will tell you, finding the precise balance between caution and action, under-response and over-response, is never easy. At times it is almost impossible.

In battle, when under fire, as the bullets fly and commands are shouted and mayhem is ensuing, mistakes are made. This doesn't mean we should ever excuse brutality. It does mean that until all the facts are known, we should approach our tasks as legislators with humility.

Someone famously suggested that "politics ain't beanbag." He was right. But so was General Sherman when he reminded us that "war is hell." And allow me to suggest that in evaluating human conduct on the field of battle, we might also wonder how we, ourselves, would respond as we try to protect the lives entrusted to us as the dogs of war snarl all around us in the hell that is combat.

Without the investigations and reports completed we do not have access to all the facts. For that reason I am concerned that today's hearing will turn to speculation, accusations and defenses, stories of pain and rejoinders of partisanship. Speculation and partisanship should not be the focus of this committee.

Early in this session of Congress, a number of us on this Committee warned that unless prudence kept us in check, our work here would descend rapidly into an ongoing contest of partisan assault. Today, I echo that once again, urging my colleagues on this Committee to proceed with a commitment both to public integrity and honest inquiry. This should not be a hearing based on speculation and the quest for political advantage. Rather, we should seek for that often elusive but always needed quality, the truth.

Thank you, Mr. Chairman.

[474]
To: [redacted] WPPS [redacted]

[503]
From: [redacted] WPPS Programs

[895] [896]
Subject: Termination of Independent Contractors [redacted] and [redacted]

Date: 28 November 2005

As of 28 November 2005, a motorcade traveled to the Ministry of Oil to conduct official meetings. Blackwater Aviation, who supported the mission, reported that the motorcade collided with or came in contact with approximately eighteen vehicles - six vehicles en route to the venue and twelve vehicles en route back from the venue. The team members were required to provide written statements of the events that took place.

After long deliberation and consideration, the statements were deemed to be invalid, inaccurate, and at best, dishonest reporting.

[896]
According to [redacted], the tactical commander who openly admitted giving clear direction to the primary driver to conduct these acts of random negligence for no apparent reason was relieved of his duties.

[895] [217]
It appeared [redacted], shift leader, complained to a DS Agent regarding the incident and the disciplinary measures taken by [redacted] in Iraq. The DS Agent reported the incident and measures to ARSO [redacted] without discussing the incident with Mr. [redacted]

[326] [217] [326]
[217] Mr. [redacted] approached Mr. [redacted] with questions and concerns. During this time, Mr. [redacted] provided a complete and accurate report that highlighted all the information that was collected. After reviewing the information, Mr. [redacted] agreed and directed Mr. [redacted] to relieve both of the IC's immediately.

[892]
After reviewing the above information, it was deemed appropriate to terminate both Mr. [redacted] and Mr. [redacted] for critical negligence acts, inaccurate reporting, and violating
[896] the chain of command policy.

V/R

[503]
[redacted]

Read Message

Previous | Next | Move To: Select One

[redacted]

From: [redacted] [554]

[add to contacts]

To: [redacted] [564]
Cc:

Date: Saturday, January 07, 2006 08:44 pm
Subject: Al-Arabiyah news report

[redacted] [564]

I was incorrect; this was a news report on television not an article. Let me know if you need anything else.

Regards,

[redacted] [554]

From: [redacted] [660]
Sent: Wednesday, December 27, 2006 7:30 AM
To: BW Senior DL
Subject: News Article on Shooting

Thought you might want to see this. At least the ID of the shooter will take the heat off us.

Al-Arabiyah: ' Drunken ' US Soldier Kills Escort of Iraqi Vice President

GMP20061225632002 Dubai *Al-Arabiyah Television* in Arabic 1600 GMT 25 Dec 06
[Corrected version: Adding time to Soruce Time; announcer-read report]
A drunken US soldier killed the escort of Iraqi Vice President Dr Adil Abd-al-Mahdi at the presidential headquarters in the Green Zone in Baghdad at dawn today. A source of the vice president ' s office told Al-Arabiyah that the deceased, Wahid Khalaf Sa ' dun, was in front of the vice president ' s residence when the US soldier suddenly moved toward him and opened fire and killed him.

[Description of Source: Dubai Al-Arabiyah Television in Arabic -- independent television station financed by Arab businessmen]

--
Thank You
[redacted] 914-[redacted] [660]
[redacted] 914-[redacted] [238]
Blackwater PSD
Baghdad,Iraq

Text version of this message. (1KB)

J 005A
H

Period of Performance: Period of Performance 6/11/04 - 6/10/05
Contract: S-AQMPD-04-D-0061
Contractor: Blackwater USA

CLIN	Sub-CLIN	Description	# of Positions	Quantity Estimate	Unit/ Month	Fixed Unit Price	Extended	Subtotal	Discount if Applicable
PRS									
0001	a.	Detail Leader	4	921	Days	1,315.09	$ 1,276,948.13		
	b	Deput Detail Leader	4	633	Days	1,302.40	$ 821,812.27		
	c.	Shift Leader	20	4,649	Days	[illegible]	$ 986,336.05		
	d	Protective Security Specialist	244	54,466	Days	1,221.62	$ 66,536,954.60	1,047.11	
	e.	PSS/Operations Chief	2	328	Days	[illegible]	$ 431,348.08		
	f.	Explosive Detection Dog (EDD)/Handler	8	1,789	Days	1,484.02	$ 2,654,906.91		
	g.	EDD/Kennel Master	1	140	Days	1,532.04	$ 214,486.22		
	h.	PSS/Firemans Instructor (OCONUS)	2	275	Days	1,287.66	$ 354,106.78		
	i.	PSS/EMT I/Special Forces Medic	19	4,455	Days	1,281.38	$ 5,682,941.31		
	m.	PSS/Designated Defensive Marksman	8	1,106	Days	1,332.99	$ 1,474,293.20		
	n.	Other TDY as designated by the RSO					$ 20,000.00	$ 85,464,132.34	
			312						
Management									
0002	a.	Project Manager	1	300	Days	1,456.30	$ 436,890.55		
	b.	Deputy Project Manager	1	220	Days	1,438.56	$ 316,484.20	$ 753,374.75	
			2						
Aviation Support									
0003	Personnel								
	a.	Aviation Project Manager	1	253	Days	1,032.71	$ 261,275.64		
	b.	Pilot, MD-530-E	6	1,012	Days	1,000.44	$ 1,012,443.12		
	c.	Co-Pilot, MD-530-E	4	1,012	Days	968.17	$ 979,783.67		
	d.	Door Gunner/PSS, MD-530-E	6	1,518	Days	1,047.17	$ 1,589,506.91		
	e.	Lead Aircraft Mechanic, MD-530-E	1	253	Days	742.26	$ 187,791.87		
	f.	Aircraft Mechanic, MD-530-E	6	1,518	Days	709.99	$ 1,077,762.04	$ 5,108,563.25	
			22						
	Equipment Costs MD-530-E		4	253	Days	3,555.94	$ 3,598,615.27		
	g.	Aircraft		3,659	Flt Hrs	420.18	$ 1,537,424.57	$ 5,136,039.84	
	f.	Flight Hours							
	Other Costs								
	g.	Mobility Fees (Hull Insurance without War Risk)					$ 361,666.81		
	h.	Mobility Fees (Shipment of additional MD-530 air)					$ 225,000.00		
	i.	Demobilization fees (4 aircraft to the US)					$ 375,000.00	$ 961,666.81	
PRS Support									
0004	a.	Admin and Logistics Security Specialist (ALSS)	5	911	Days	831.14	$ 757,171.70		
Optional	b.	Operations Security Special		unpriced					
Optional	c.	Intelligence Analyst		unpriced					
Optional	d.	Armorer (SPE/Weapon)		unpriced				$ 757,171.70	
Optional	e.	FAV Mechanic (D&C class)		unpriced					
			5						
DBA Insurance		Estimate only - pass through cost with no profit or G&A					$ 1,844,076.89		
0005	a.	Mobility Fees (PRS)					$ 68,287.01		
	b.	Mobility Fees (PRS Support)					$ 4,242,780.00	$ 6,155,143.90	
	c.	Mobility Fees (Aviation Support)							
		Add/revise as applicable							
Leased Personnel Carrier									
0006	Vehicle Lease	*January 1, 2005 thru June 10, 2005*		1,449	Days	850.00	$ 1,231,650.00		
	a.	Vehicles based on quantity of 9		320	Days	950.00	$ 304,000.00		
	b	Maintenance (2 Mechanics)		1	Lot	337,500	$ 337,500.00	$ 1,873,150.00	
	c	Spare Parts							
Medical Support		Optional							
0007	a.	Medical Officer		unpriced					
	b	Physician Assistant		unpriced				$	
		Total Proposal	341				FINAL QUOTE	106,389,242.79	

BLA WATER

Invoice No: -INV06-000300
Sales Orde 6-000200

Pag 1 of 24
Invoice Da 2/13/2006
Due Dat 3/15/2006

Sold To: Department of State

Ship To:

Contact:

Currency: USD

ORDER DATE	SALES REPRESENTATIVE	TERMS	DELIVERY TERMS	SHIP VIA	CUSTOMER PURCHASE ORDER
02/13/06		NET 30			S-AQMPD-04-D-0061

LINE	ITEM/DESCRIPTION	REV	DUE DATE	U/M	INVOICE QUANTITY	NET UNIT PRICE	EXTENDED PRICE
1	BSCSO Clin 0001a Detail Leader SO Line: 1 January 2006			EA	128.0000	$1,315.0900	$168,331.52
2	BSCSO Clin 0001b Deputy Detail Leader SO Line: 2 January 2006			EA	79.0000	$1,302.4000	$102,889.60
3	BSCSO Clin 0001c Shift Leader SO Line: 3 January 2006			EA	410.0000	$1,287.6600	$527,940.60
4	BSCSO Clin 0001d PSS SO Line: 4 January 2006			EA	3,450.0000	$1,221.6200	$4,214,589.00
5	BSCSO Clin 0001e PSS/OPS Chief			EA	10.0000	$1,315.0900	$13,150.90

171

DS HTPOPS FB25

From: [redacted]@blackwaterusa.com]
Sent: Thursday, April 12, 2007 1:28 PM
To: DS HTPOPS
Cc: [redacted]
Subject: FW: From RSO Al-Hillah

H
c-6
DC

[redacted]

Provided below is an e-mail chain of the pay out that was requested from Blackwater by the RSO's for the incident with [redacted] c-6

I am still looking for more.

Sincerely,
[redacted]
ALSS / DLPM
Blackwater USA

-----Original Message-----
From: [redacted]
Sent: Wednesday, July 06, 2005 1:09 PM
To: [redacted]@state.gov'; [redacted]; '[redacted]'
Cc: '[redacted]@state.gov'; '[redacted]'; '[redacted]'; '[redacted]'; [redacted]; [redacted]; DS HTPOPS
Subject: FW: From RSO Al-Hillah

[redacted],

rry for the delay in getting back to you on this. I support you 100% on this issue. e EVP is in WASH DC on business today. He will be back tomorrow at which time I will express my support of your funds to be provided to the family.

Don't hesitate to contact me if needed.

[redacted]

[redacted]
Vice President
Department of State Programs
Blackwater USA
PO Box 1029
Moyock, NC. 27958
office: [redacted]
fax: [redacted]
email: [redacted]@blackwaterusa.com

-----Original Message-----
From:
Sent: Friday, July 01, 2005 5:09 AM
To: [redacted]@yahoo.com
Cc: [redacted]@msn.com
Subject: FW: From RSO Al-Hillah

DC-

-----Original Message-----
From:
Sent: Friday, July 01, 2005 11:17 AM
> To: [redacted] (Al Hillah)
> Subject: FW: From RSO Al-Hillah
>

DC

>
> FYI
> -----Original Message-----
> From: JDC
> Sent: Friday, July 01, 2005 3:12 AM
> To: [redacted] (Baghdad)
> Cc: [redacted] (Baghdad); [redacted] (Al Hillah RSO);
> [redacted] (Baghdad)
> Subject: RE: From RSO Al-Hillah
>
> Gentlemen: allow me to second [redacted] comments on the need for
> Blackwater to provide funds asap. For all the reasons enunciated in
> the past, we are all better off getting this case - and any similar
> cases - behind us quickly. Again, the Department needs to promptly
> approve and fund an expedited means of handling these situations.
> Thanks, [redacted]
>
> _____
> From: JDC
> Sent: Friday, July 01, 2005 10:22 AM
> To: [redacted] (Baghdad)
> Cc: [redacted] (Baghdad); [redacted] (Al Hillah RC)
> Subject: From RSO Al-Hillah
>
> This morning I met with the brothers of the adult Iraqi male who was
> killed by a gun shot to the chest at the time/location where the PSD
> team fired shots in Al-Hillah on Saturday, June 25, 2005. This is the
> case involving the PSD personnel who failed to report the shooting,
> covered it up, and subsequently were removed from Al- Hillah.
>
> I expressed my condolences regarding their brother's death. The
> victim's brother's told me the victim had 6 children who are now
> orphans with nobody to provide for them. The brothers were also upset
> regarding the fact their brother was killed as an innocent person
> standing on the side of the street. The victim's brothers were
> polite, understanding, and well dressed. However, their grief was
> apparent.
>
> The victim's brothers want to resolve this matter quickly. I agree
> with this.
>
> I am working with my usual Iraqi Police contacts, who are in contact
> with senior Iraqi Police leadership regarding this matter. It is in
> everybody's best interest to resolve this matter quickly and do the
> right thing by the victim's family.
>
> I request your assistance in sending me $5,000.00 USD as
> compensation. $3000.00 USD is the usual amount paid by U.S. military
> civil affairs, and an additional $2,000.00 is appropriate given the
> nature of the incident - as it is the random death of an innocent
> Iraqi citizen. There is also the fact the PSD failed to report this
> incident, causing the family additional pain.
>
> The sooner we make the payment the better. $5,000.00 within the next
> day will mean more to the family then $5,000.00 two or three weeks
> from now.
>
> I understand there are procedures to get money which might take time.
> I recommend getting the money from the PSD contractor - it is in their
> best interest as well. I have already contacted the Blackwater Mgt on
> this end, requesting the send this up their chain. I request your
> assistance in pursuing this matter from Baghdad as well. In the past
> the contractor has made similar payments, which were not billed to the
> contract. This should be one of those occasions. They have the money
> on hand and can get it here quickly. Upon receiving the money, I will
> handle the compensation in my usual manner with documentation and
> receipts.

>
> I hope we can put this unfortunate matter behind us quickly.
>
>

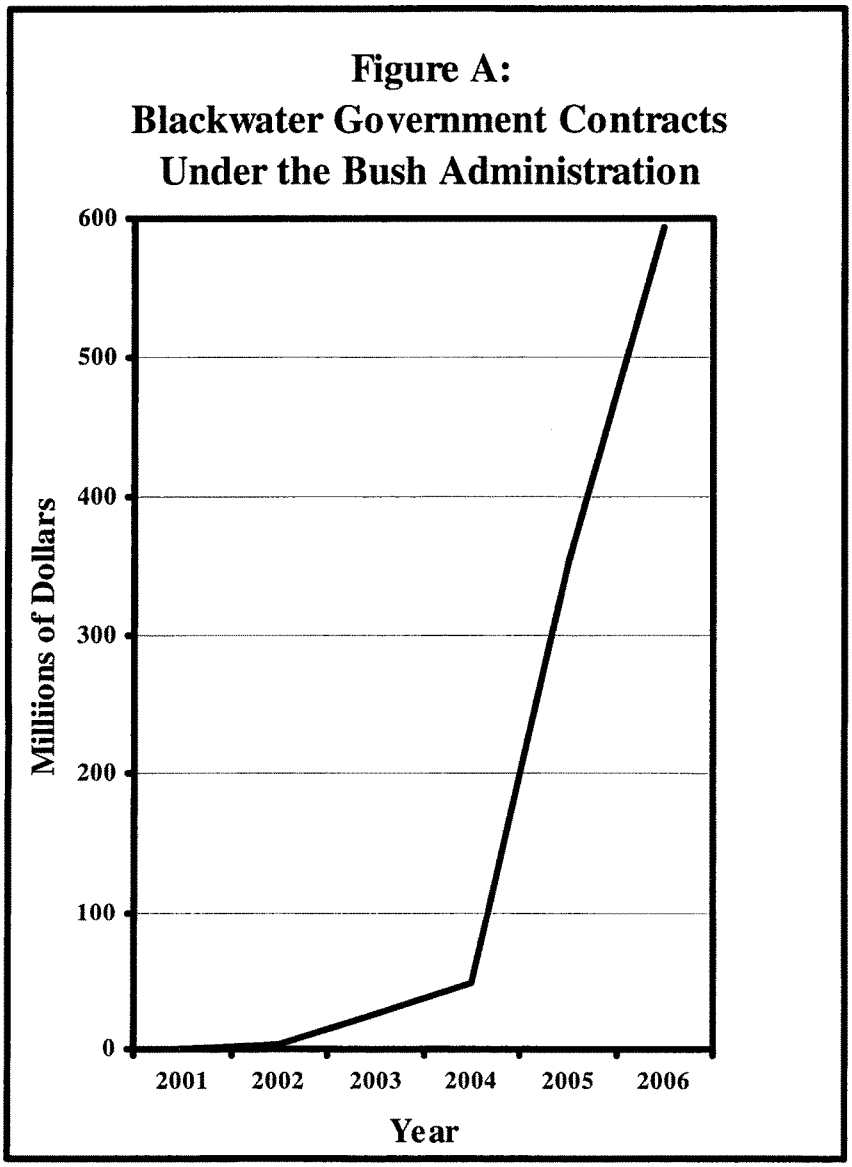


Figure A:
Blackwater Government Contracts
Under the Bush Administration
600
500
400
300
200
100
0
Millions of Dollars
2001
2002
2003
2004
2005
2006
Year

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Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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MEMORANDUM

October 1, 2007

To: **Members of the Committee on Oversight and Government Reform**

Fr: **Majority Staff**

Re: **Additional Information about Blackwater USA**

On October 2, 2007, the Committee will hold a hearing entitled, "Blackwater USA: Private Military Contractor Activity in Iraq and Afghanistan." The hearing will examine the mission and performance of Blackwater USA and its affiliated companies in Iraq and Afghanistan. Erik Prince, the owner of Blackwater will testify at the hearing, as will three State Department officials: Ambassador David M. Satterfield, Special Adviser, Coordinator for Iraq; Ambassador Richard J. Griffin, Assistant Secretary, Bureau of Diplomatic Security and Director of the Office of Foreign Missions; and William H. Moser, Deputy Assistant Secretary for Logistics Management.

The hearing will provide members the opportunity to address three key questions: (1) Is Blackwater's presence advancing or undermining U.S. efforts in Iraq? (2) Has the State Department responded appropriately to shooting incidents involving Blackwater forces? And (3) what are the costs for U.S. taxpayers of the reliance on Blackwater and other private military contractors?

The Committee has received new information, which is summarized below, bearing on all three of these questions.

Blackwater Shooting Incidents. Incident reports compiled by Blackwater reveal that Blackwater has been involved in at least 195 "escalation of force" incidents in Iraq since 2005 that involved the firing of shots by Blackwater forces. This is an average of 1.4 shooting incidents per week. Blackwater's contract to provide protective services to the State Department

provides that Blackwater can engage in only defensive use of force. In over 80% of the shooting incidents, however, Blackwater reports that its forces fired the first shots.

In the vast majority of instances in which Blackwater fires shots, Blackwater is firing from a moving vehicle and does not remain at the scene to determine if the shots resulted in casualties. Even so, Blackwater's own incident reports document 16 Iraqi casualties and 162 incidents with property damage, primarily to vehicles owned by Iraqis. In over 80% of the escalation of force incidents since 2005, Blackwater's own reports document either casualties or property damage.

The reports describe multiple Blackwater incidents involving Iraqi casualties that have not previously been reported. In one of these incidents, Blackwater forces shot a civilian bystander in the head. In another, State Department officials report that Blackwater sought to cover up a shooting that killed an apparently innocent bystander. In a third, Blackwater provided no assistance after a traffic accident caused by its "counter-flow" driving left an Iraqi vehicle in "a ball of flames." Blackwater also reports engaging in tactical military operations with U.S. forces.

In addition to Blackwater, two other private military contractors, DynCorp International and Triple Canopy, provide protective services to the State Department. Blackwater reports more shooting incidents than the other two contractors combined. Blackwater also has the highest incidence of shooting first, although all three companies shoot first in more than half of all escalation of forces incidents.

State Department Responses. Documents provided by the State Department raise serious questions about how State Department officials responded to reports of Blackwater killings of Iraqis. In a high-profile incident in December 2006, a drunken Blackwater contractor killed the guard of Iraqi Vice President Adil Abd-al-Mahdi. Within 36 hours after the shooting, the State Department had allowed Blackwater to transport the Blackwater contractor out of Iraq. The State Department Charge d'Affaires recommended that Blackwater make a "sizeable payment" and an "apology" to "avoid this whole thing becoming even worse." The Charge d'Affaires suggested a $250,000 payment to the guard's family, but the Department's Diplomatic Security Service said this was too much and could cause Iraqis to "try to get killed." In the end, the State Department and Blackwater agreed on a $15,000 payment. One State Department official wrote: "We would like to help them resolve this so we can continue with our protective mission."

The State Department took a similar approach upon receiving reports that Blackwater shooters killed an innocent Iraqi, except that in this case, the State Department requested only a $5,000 payment to "put this unfortunate matter behind us quickly."

There is no evidence in the documents that the Committee has reviewed that the State Department sought to restrain Blackwater's actions, raised concerns about the number of shooting incidents involving Blackwater or the company's high rate of shooting first, or detained Blackwater contractors for investigation.

Costs to Taxpayers. Using Blackwater instead of U.S. troops to protect embassy officials is expensive. Blackwater charges the government $1,222 per day for the services of a private military contractor. This is equivalent to $445,000 per year, over six times more than the cost of an equivalent U.S. soldier. In total, Blackwater has received over $1 billion in federal contracts from 2001 through 2006, including more than $832 million under two contracts with the State Department to provide protective services in Iraq.

I. Blackwater's Federal Contracts

Blackwater USA, based in Moyock, North Carolina, was established in 1997 and has grown to become one of the world's largest providers of private military services, offering a diverse range of services including personal security details, military training services, aviation support, K-9 services, and its own line of armored vehicles. Prior to the war in Iraq, the company primarily offered training services for law enforcement and military personnel. But during the past six years, the business has expanded and diversified to include private military contracting.

Blackwater's government contracts have grown exponentially during the Bush Administration, particularly since the start of the war in Iraq. Blackwater went from having government contracts worth less than a million dollars in 2001 to contracts worth more than half a billion dollars in 2006. Figure A shows the increase in Blackwater's government contracts over the past six years, while Table A shows the dollar amounts Blackwater received in each of these years.

Figure A:
Blackwater Government Contracts Under the Bush Administration

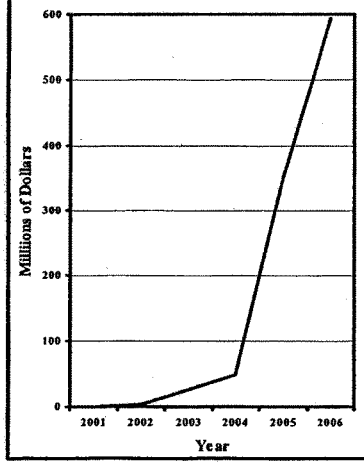

Table A:
Blackwater's Federal Contracts

Year	Amount Paid
2001	$ 736,906
2002	$ 3,415,884
2003	$ 25,395,556
2004	$ 48,496,903
2005	$ 352,871,817
2006	$ 593,601,952
Total	$1,024,519,018

In fiscal year 2001, Blackwater had $736,906 in federal contracts. By 2006, Blackwater had over $593 million in government contracts, an increase of more than 80,000%.[1] In total, Blackwater has received over a billion dollars from the federal government during fiscal years 2001 to 2006. Of this amount, $523,649,287 (51%) was awarded without full and open competition.[2]

Blackwater's work in Iraq began in August 2003, when Coalitional Provisional Authority Administrator Paul Bremer awarded the company a no-bid contract to provide security to top U.S. civilian officials.[3]

In June 2004, Blackwater received a second, much larger no-bid contract from the State Department known as Worldwide Personal Protective Services (WPPS). Under this indefinite delivery, indefinite quantity contract, Blackwater was paid to provide "protection of U.S. and/or certain foreign government high-level officials whenever the need arises."[4] Although the maximum value of the contract was approximately $332 million, Blackwater ultimately received more than $488 million between June 14, 2004, and June 6, 2006.[5] Blackwater was authorized to utilize 482 staff in Iraq.[6]

On May 8, 2006, the State Department awarded WPPS II, the second incarnation of its diplomatic security contract. Under this contract, the State Department awarded Blackwater and two other companies, Triple Canopy and DynCorp, contracts to provide diplomatic security in Iraq, each in separate geographic locations.[7] Blackwater is authorized to have 1,020 staff in Iraq under this contract.[8] The maximum value of the contract is $1.2 billion per contractor, or $3.6

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[1] Eagle Eye Inc., *Eagle Eye Federal Prime Contracts Database* (compiling data from the Federal Procurement Data System for fiscal years 2001 through 2006).

[2] *Id.* The amount awarded without full and open competition includes $493,058,545 in no-bid contracts and $30,590,742 in contracts awarded after limiting or excluding qualified bidders.

[3] Special Inspector General for Iraq Reconstruction, *Quarterly Report to Congress* (July 2004) (online at www.sigir.mil/reports/quarterlyreports/Jul04/table_j_1_verified_contracts_updated.pdf).

[4] U.S. Department of State, *Blackwater Contract S-AQMPD-04-D-0061, Iraq, June 11, 2005 to September 10, 2006* (undated).

[5] *Eagle Eye Federal Prime Contracts Database, supra* note 1.

[6] *Blackwater Contract S-AQMPD-04-D-0061, Iraq, June 11, 2005 to September 10, 2006, supra* note 4.

[7] U.S. Department of State, *WPPS II Contracts Awarded to Blackwater, Triple Canopy, and DynCorp* (undated) (Blackwater has task orders to work in Baghdad and Al Hillah; DynCorp has task orders to work in Kirkuk and Erbil; and Triple Canopy has task orders to work in Basrah and Tallil).

[8] *Id.*

billion total.[9] Through the end of fiscal year 2006, Blackwater has received over $343 million under this contract.[10]

In total, the State Department has paid Blackwater more than $832 million from 2004 through 2006.[11]

During a briefing with Committee staff, the State Department reported that Blackwater currently has 861 Blackwater personnel working in Iraq.[12] Blackwater has stated that 243 of its personnel in Iraq are third-country nationals.[13]

Blackwater is owned by Erik Prince. Mr. Prince is a former Navy SEAL who owns the company through a holding company, The Prince Group, LLC. In the late 1980s, Mr. Prince served as a White House intern under President George H.W. Bush.[14] Mr. Prince's father was a prominent Michigan businessman and contributor to conservative causes. Mr. Prince's sister, Betsy DeVos, is a former chairwoman of the Michigan Republican Party who earned the title of Bush-Cheney "Pioneer" by arranging at least $100,000 in donations for the 2004 George W. Bush presidential campaign.[15] Her husband, Richard DeVos Jr., is a former Amway CEO and was the 2006 Republican nominee for Governor of Michigan. Mr. Prince himself is a frequent political contributor, having made over $225,000 in political contributions, including more than $160,000 to the Republican National Committee and the National Republican Congressional Committee.[16]

Blackwater has hired several former senior Bush Administration officials to work for the company. J. Cofer Black, who served as director of the CIA Counterterrorist Center from 1999 to 2002 and as a top counterterrorism official at the State Department until 2004, now serves as Blackwater's vice chairman.[17] Joseph E. Schmitz, the Inspector General for the Defense

---

[9] *Id.*

[10] *Eagle Eye Federal Prime Contracts Database, supra* note 1.

[11] *Id.*

[12] Briefing by Ambassador David A. Satterfield, Senior Adviser and Coordinator for Iraq, U.S. Department of State, to House Oversight and Government Reform Committee staff (Sept. 27, 2007).

[13] *Id.*

[14] *Prince's Blackwater Plays Big Role in Iraq*, Grand Rapid Press (Apr. 29, 2007).

[15] *The Bush-Cheney Gazillions Tour*, Village Voice (Oct. 22-28, 2004).

[16] Donor Search for Erik Prince, Center for Responsive Politics (online at http://opensecrets.org) (accessed on Sept. 29, 2007).

[17] Blackwater USA, *Ambassador Cofer Black Becomes Vice-Chairman at Blackwater USA* (Feb. 4, 2005) (online at www.blackwaterusa.com/press/cofer.asp) (accessed on Sept. 30, 2007).

Department from 2002 to 2005, is now general counsel and chief operating officer of the Prince Group, Blackwater's parent company.[18]

II. Blackwater's Escalation of Force Incidents

For several years, questions have been raised about the conduct of Blackwater and other private military contractors operating in Iraq. These questions have received increased attention since the September 16, 2007, shooting incident in Baghdad, which reportedly left 11 Iraqi civilians dead and 14 wounded. In recent days, U.S. military commanders have reported that Blackwater guards "have very quick trigger fingers," "shoot first and ask questions later," and "act like cowboys."[19] A senior U.S. military official has asserted that the impact of Blackwater's actions on Iraqi attitudes toward U.S. forces "is going to hurt us badly" and "may be worse than Abu Ghraib."[20]

The Committee has been investigating the activities of Blackwater and other private military contractors and, on February 7, 2007, held a hearing on the death of four Blackwater contractors in Fallujah on March 31, 2004. Since then, the Committee has received thousands of pages of documents produced by Blackwater and 14 other private military contractors involved in providing security to U.S. officials and contractors in Iraq. These documents have included 437 internal Blackwater incident reports, as well as incident reports from DynCorp International and Triple Canopy, the two other companies serving the State Department under WPPS II. The Committee also received a limited number of incident reports and documents from the State Department relating to all three companies, and a limited amount of data relating to private military contractors from the Defense Department.

The Blackwater and State Department records reveal that Blackwater's use of force in Iraq is frequent and extensive, resulting in significant casualties and property damage. Blackwater is legally and contractually bound to only engage in defensive uses of force to prevent "imminent and grave danger" to themselves or others.[21] In practice, however, the vast majority of Blackwater weapons discharges are preemptive, with Blackwater forces firing first at a vehicle or suspicious individual prior to receiving any fire.

According to the Blackwater incident reports received by the Committee, Blackwater personnel have participated in 195 incidents in Iraq from January 1, 2005, through September 12, 2007, that involved firearms discharges by Blackwater personnel. This is an average of 1.4 incidents per week. In 32 of those incidents, Blackwater personnel were returning fire after an attack, while on 163 occasions (84% of the shooting incidents), Blackwater personnel were the first to fire.

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[18] *Blackwater Tops All Firms in Iraq in Shooting Rate*, New York Times (Sept. 27, 2007).

[19] *Private Security Puts Diplomats, Military at Odds,* Washington Post (Sept. 26, 2007).

[20] *Id.*

[21] Mission Firearms Policy, U.S. Embassy Baghdad, Iraq (Aug. 2006); Worldwide Personal Protective Services II Contract §52.233-1(c).

In the vast majority of instances in which Blackwater forces engage in weapons fire, the Blackwater shots are fired from a moving vehicle and Blackwater does not remain at the scene to determine if their shots resulted in casualties. Nevertheless, Blackwater's own reports document 16 Iraqi casualties caused by Blackwater during the same time period. Blackwater's reports also document property damage on 162 occasions, primarily to Iraqi civilian vehicles. In total, 84% of the Blackwater escalation of forces incidents resulted in casualties or property damage or both. See Table B.

Table B: Blackwater Use of Force Data

Year	Total Incidents with Shots Fired by Blackwater	Incidents in which Blackwater Fired First	Confirmed Iraqi Casualties	Incidents with Property Damage
2005	77	71	7	71
2006	61	53	3	52
2007[22]	57	39	6	39
Total	195	163	16	162

When Blackwater's performance is compared to that of the other two State Department contractors, DynCorp and Triple Canopy, the reports reveal that Blackwater participated in more shooting incidents than the other two companies combined. For the time period from January 1, 2005, through April 30, 2007, Blackwater fired weapons in 168 incidents, as compared to 102 incidents for DynCorp and 36 shooting incidents for Triple Canopy. Blackwater also fired first at a higher rate than its counterparts on the State Department contract, although the incidence of firing first was high for all three contactors. During this time period, Blackwater fired first in 143 escalation of forces incidents (85% of incidents), compared to 63 incidents for DynCorp (62% of incidents) and 30 incidents for Triple Canopy (83% of incidents). Blackwater also inflicted property damage more often than the other two companies combined.

The Blackwater reports and documents from the State Department describe a number of Blackwater incidents involving Iraqi casualties and property damage that have not been previously reported. For example:

- On October 24, 2005, Blackwater personnel on a protection mission from Mosul Provincial Hall to an American base departed the main gate of the Provincial Hall, turned left, and encountered a vehicle that appeared to be making a turn that would cause it to break into motorcade's path. When the driver did not heed warnings to stop, a Blackwater gunner released "a burst of fire" onto the vehicle that apparently disabled it. During the shooting, a civilian bystander outside of the car was hit in the head by a bullet that passed through the car and fell to the ground in the median of the road. Blackwater continued on without stopping. Blackwater reported the "shooting and probab[le] killing," and an ambulance was sent to the scene. The available documents do not describe any assistance offered by Blackwater to the victim or his family.[23]

[22] Through September 12, 2007. Figures do not include the September 16, 2007 incident.

[23] Blackwater PSD Incident Report (Oct. 24, 2005).

- On June 25, 2005, a Blackwater team on a mission in Al-Hillah killed an Iraqi man, who received a fatal shot to the chest. The victim's brothers reported to the State Department that their brother, a father of six, was "killed as an innocent person standing on the side of the street." According to an internal State Department document, the personnel who fired the shots initially failed to report the shooting and sought to cover it up.[24]

- On September 24, 2006, a Blackwater protection detail with four vehicles was driving at approximately 45 miles per hour on the wrong side of the road in Al-Hillah in a maneuver called "counter flowing." Although most cars driving toward the Blackwater team were able to move out of the motorcade's path, the driver of a red Opel car lost control of his vehicle while trying to avoid the Blackwater team. The car "swerved right to avoid the Lead" vehicle, then "locked his brakes up." The driver "attempted to correct the initial overcorrection," skidded into one of the Blackwater vehicles, which it disabled, and crashed into a telephone pole at the side of the road. The car "almost immediately went into flames." The Blackwater team collected the personnel and sensitive equipment from its disabled vehicle and left the scene without attempting to assist the occupants of the Iraqi vehicle, which was described by Blackwater as "in a ball of flames."[25]

- On November 28, 2005, a Blackwater motorcade traveling to and from the Ministry of Oil for official meetings collided with 18 different vehicles during the round trip journey (6 vehicles on the way to the ministry and 12 vehicles on the return trip). The written statements taken from the team members after the incident were determined by Blackwater to be "invalid, inaccurate, and at best, dishonest reporting." According to a Blackwater contractor who was on the mission, the tactical commander of the mission "openly admitted giving clear direction to the primary driver to conduct these acts of random negligence for no apparent reason." The only apparent sanction resulting from this incident was the termination of two of the employees.[26]

The documents also reveal that Blackwater's activities under the State Department contract have on occasion involved engaging in tactical military actions in concert with U.S. troops. On April 10, 2004, Blackwater became aware from staff for the U.S. Ambassador to Iraq that there was an attack on Najaf and joined the firefight. Several Blackwater personnel took positions on a rooftop alongside U.S. Army and Spanish forces. The Blackwater personnel reinforced the military positions and used machine guns to "engage[] whatever targets of opportunity presented themselves."[27]

On November 24, 2004, a Blackwater helicopter team helped a U.S. military unit secure a mosque from which sniper fire had been initiated. While conducting this mission, the Blackwater team in the helicopter spotted a vehicle attempting to leave the premises of the

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[24] State Department E-Mail re: From RSO Al-Hillah (July 1, 2005).

[25] Blackwater PSD Incident Report (Sept. 24, 2006).

[26] Blackwater Memorandum re: Termination of Independent Contractors (Nov. 28, 2005).

[27] Blackwater Internal E-Mail re: Najaf (Apr. 10, 2004).

mosque. The Blackwater team fired a warning shot from the helicopter to the front of the vehicle. When the car did not stop, the Blackwater team fired three more rounds directly in front of the vehicle. The car then stopped and the occupants came out. The Blackwater team motioned for the occupants to go back to the mosque on foot. When the driver made a move to turn back to the car, the Blackwater team fired another warning shot to keep him away from the car. After the driver finally moved away from the car, the Blackwater team fired shots into the engine compartment to disable the car.[28]

III. State Department Oversight of Blackwater

The documents the Committee has received raise questions about the State Department's oversight of Blackwater's activities under the contract. Even in cases involving the death of Iraqis, it appears that the State Department's primary response was to ask Blackwater to make monetary payments to "put the matter behind us," rather than to insist upon accountability or to investigate Blackwater personnel for potential criminal liability. The most serious consequence faced by Blackwater personnel for misconduct appears to be termination of their employment.

In a statement last week, Deputy Secretary of State John D. Negroponte asserted that every incident in which Blackwater fires its weapons "is reviewed by management officials to ensure that procedures were followed."[29] The documents reviewed by the Committee do not substantiate this claim. If a review or investigation occurs after the shooting incidents, it is not reflected in the documents that the Committee has reviewed.

A. State Department's Response to the Christmas Eve Shooting

On December 24, 2006, a 26-year-old Blackwater security contractor shot and killed a 32-year-old security guard to Iraqi Vice President Adil Abd-al-Mahdi during a confrontation in the "Little Venice" area of the International Zone in Baghdad. This incident sparked an angry reaction from the Iraqi government. In a December 28, 2006, letter to the U.S. Embassy, Iraqi Prime Minister Nouri al-Maliki's Chief of Staff called the incident "murder."[30] The September 16, 2007, shooting incident that led the Iraqi government to impose a ban on Blackwater operations rekindled complaints by Iraqi officials about the Christmas Eve shooting.[31]

According to documents obtained by the Committee, the Blackwater contractor, who worked as an armorer, had attended a party on the evening of December 24, had consumed several alcoholic beverages, and was described as drunk by witnesses who encountered him that

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[28] Blackwater Aviation After Action Report (Nov. 24, 2004).

[29] Testimony of Deputy Secretary of State John D. Negroponte, *Hearing of the Senate Committee on Appropriations: The President's FY 2008 Supplemental Request for the Wars in Iraq and Afghanistan* (Sept. 26, 2007).

[30] *Blackwater Supports Inquiry into Fatal Shooting,* The Virginian-Pilot (July 25, 2007).

[31] *Blackwater Shooting Crisis Rallies Baghdad,* Wall Street Journal (Sept. 24, 2007). The Maliki government has also recently alleged that Blackwater was involved in six other violent episodes in 2007 that left at least 10 Iraqis dead. *Iraq Probe of U.S. Security Firm Grows,* Washington Post (Sept. 22, 2007).

evening.[32] Between 10:30 and 11:30 p.m., the Blackwater contractor, carrying a Glock 9 mm pistol, passed through a gate near the Iraqi Prime Minister's compound and was confronted by the Iraqi guard, who was on duty. The Blackwater contractor fired multiple shots, three of which struck the guard, then fled the scene. The victim was taken to the 28th Combat Army Support Hospital, where he was pronounced dead shortly before midnight.[33]

The Blackwater contractor fled to a guard post operated by Triple Canopy, another private military contractor. He told personnel there that he had gotten into a gunfight with Iraqis and that they were chasing him and shooting at him. The guards had not heard any gunshots.[34] He fumbled with his firearm, which was loaded, until one of the guards took it from him.[35] Although he appeared visibly intoxicated and smelled of alcohol, he denied that he had any alcoholic beverages that evening.[36]

A Triple Canopy guard returned his firearm and escorted him away from their post. Shortly thereafter, a group of armed Iraqi men arrived at the gate searching for the Blackwater contractor.[37] He was later apprehended by International Zone Police at approximately 1:00 a.m. at his room in the Blackwater camp. The police took custody of his Glock handgun and ammunition. After testing the Blackwater contractor for blood alcohol content, the police determined that he was too intoxicated to be interviewed at that time. During questioning on December 25 by Army investigators, the Blackwater contractor claimed that the security guard, Raheem Khalif, shot at him and that he shot back in self-defense.[38]

On December 25, the day after the shooting of the guard, Blackwater terminated the contractor from the State Department contract based on its policy against possessing a firearm while intoxicated.[39] That same day, only hours after the shooting, Blackwater arranged to have the contractor flown out of Iraq. The State Department was informed of Blackwater's arrangements for the contractor and received a copy of his itinerary. On the morning of December 26, less than 36 hours after the killing, Blackwater transported the contractor to

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[32] Criminal Investigative Division (CID) Report of Investigation (Dec. 25, 2006); Blackwater Memorandum to State Department re: Termination of Independent Contractor (Dec. 25, 2006); Blackwater Developmental Counseling Form (Dec. 25, 2006); Diplomatic Security Service Incident Report (Jan. 12, 2007).

[33] CID Report of Investigation, *supra* note 32.

[34] Triple Canopy Incident Report (Dec. 25, 2006).

[35] *Id.*

[36] Statement of Triple Canopy Guard (Dec. 26, 2006).

[37] Triple Canopy Incident Report (Dec. 25, 2006).

[38] CID Report of Investigation, *supra* note 32; Diplomatic Security Service Incident Report (Dec. 24, 2006).

[39] Blackwater Memorandum to State Department re: Termination of Independent Contractor, *supra* note 32.

Baghdad International Airport, from which he flew to Jordan, and then back to the United States "[u]nder the authority of the DOS Regional Security Officer."[40]

Immediately following the incident, the State Department determined that Blackwater should send a letter of condolence to the victim's family along with a cash payment. On December 25, the Charge d'Affaires wrote to the Regional Security Officer:

> Will you be following in up Blackwater to do all possible to assure that a sizeable compensation is forthcoming? If we are to avoid this whole thing becoming even worse, I think a prompt pledge and apology — even if they want to claim it was accidental — would be the best way to assure the Iraqis don't take steps, such as telling Blackwater that they are no longer able to work in Iraq.[41]

Internally, the Embassy had differing opinions on the amount of compensation. The Charge d'Affaires initially proposed a $250,000 payment, then suggested $100,000.[42] The Diplomatic Security Service opposed these figures as too high. One DSS official called the Charge d'Affaires' proposals "crazy sums" and stated that such a figure could cause Iraqis to "try to get killed so as to set up their family financially." Noting that there previously had been a payout of $5,000 for "a guy's car and a wound to the leg," the official recommended a $15,000 to $25,000 payment.[43]

By December 26, two days after the shooting, the State Department and Blackwater agreed on a figure of $15,000, which Blackwater would deliver to the family with the assistance of the State Department.[44]

An official in the Diplomatic Security Service explained the State Department's approach to the incident as follows:

> As you can imagine this has serious implications. This was an unfortunate event but we feel that it doesn't reflect on the ... overall Blackwater performance. They do an exceptional job under very challenging circumstances. We would like to help them resolve this so we can continue with our protective mission.[45]

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[40] Diplomatic Security Service Incident Report, *supra* note 32; Blackwater Incident Report (Jan. 12, 2007); E-Mail from Blackwater to State Department Regional Security Office (Dec. 28, 2006).

[41] E-Mail from U.S. Embassy Charge d'Affaires to U.S. Embassy Regional Security Officer (Dec. 25, 2006).

[42] Diplomatic Security Service Internal E-Mail (Dec. 26, 2006).

[43] *Id.*

[44] E-Mail from Blackwater to Diplomatic Security Service (Dec. 26, 2006).

[45] Diplomatic Security Service Internal E-Mail (Dec. 26, 2006).

The cash payment did not prevent diplomatic tensions from surfacing as a result of the killing. In a subsequent memorandum to Secretary of State Condoleezza Rice, the Embassy reported that while the Iraqi government was working to keep the incident out of the press, it felt strongly that justice had to be done. The Embassy described Iraqi concerns as follows: "Iraqis would not understand how a foreigner could kill an Iraqi and return a free man to his own country."[46]

The incident also may have increased tensions between Iraqis and the U.S. military. The day after the Christmas Eve shooting, Al-Arabiyah Television erroneously reported, "A drunken U.S. soldier killed the escort of Iraqi Vice President Dr. Adil Abd-al-Mahdi at the presidential headquarters in the Green Zone today."[47] In forwarding the Al-Arabiyah account within the company, a Blackwater employee wrote, "At least the shooters ID gets the heat off of us."[48]

As of today, nine months after the shooting, no charges have been brought relating to the killing of the Iraqi Vice President's guard. According to the State Department, the incident is still under investigation by the Justice Department. However, given the passage of nine months with no charges filed, it is unclear whether there is any serious effort to pursue a prosecution in this matter.

B. Al-Hillah Incident

The documents indicate that the State Department adopted a similar approach in response to a June 25, 2005, incident in which a Blackwater operator killed an apparently innocent bystander in Al-Hillah. In this incident, the victim's family complained to the State Department about the shooting. In response, a State Department official requested that Blackwater pay the family $5,000. In explaining the request, the official wrote: "I hope we can put this unfortunate matter behind us quickly."[49]

A second State Department official concurred, stating:

> [A]llow me to second [the] comments on the need for Blackwater to provide funds asap. ... [W]e are all better off getting this case — and any similar cases — behind us quickly.[50]

According to the State Department e-mail describing this incident, the Blackwater personnel involved "failed to report the shooting, covered it up, and subsequently were removed

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[46] *Blackwater Supports Inquiry into Fatal Shooting, supra* note 30.

[47] Blackwater Internal E-Mail re Al-Arabiyah News Report (Dec. 27, 2006).

[48] *Id.*

[49] State Department E-Mail re: From RSO Al-Hillah (July 1, 2005). Additional information about this incident is described in part II, *supra.*

[50] *Id.*

from Al-Hillah."[51] The e-mail further observed that the fact that the contractors failed to report the incident "caus[ed] the family additional pain."[52] Aside from these observations, however, there is no indication that the State Department conducted an investigation into the circumstances of the shooting or any potential criminal liability.

C. Contract Terminations

According to the documents the Committee has received, the only sanction that has been applied to Blackwater contractors for misconduct is termination of their individual contracts with Blackwater. These contract terminations have been surprisingly frequent.

A review of documents Blackwater submitted to the Committee reveals that Blackwater has terminated 122 employees under the State Department contract for protective services. This amounts to more than one seventh of Blackwater's current workforce under contract with the State Department in Iraq. Table C summarizes the principal causes for termination.

Table C: Termination of Blackwater Personnel[53]	
Weapons Related Incidents	28
Drugs and Alcohol Violations	25
Inappropriate/Lewd Conduct	16
Insubordination	11
Poor Performance	10
Aggressive/Violent Behavior	10
Rules Violations	8
Failure to Report an Incident/Lying	6
Publicly Embarrassing Blackwater	4
Security Clearance/Classification Issues	3
PTSD	1
Total	122

The most common cause for termination was weapons-related incidents, which included two terminations for inappropriately firing at Iraqis, one termination for threatening Iraqis with a firearm, 12 terminations for negligent or accidental weapons discharges, and one termination for proposing to sell weapons to the Iraqi government. The terminations for drug and alcohol violations include four terminations for drunk driving accidents. The terminations for "publicly embarrassing Blackwater" include terminations for speaking to the media without Blackwater's authorization.

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[51] *Id.*

[52] *Id.*

[53] Many terminations cite multiple causes. In the table, each termination is assigned to its most serious cause to avoid double-counting.

III. Costs to the Taxpayer

One fundamental question that the recent controversy over Blackwater has raised is whether the government's heavy reliance on private military contractors is a wise use of taxpayer funds. According to contract documents obtained by the Committee, Blackwater bills the United States government $1,222 per day for one individual Protective Security Specialist.[54] On an annual basis, this amounts to $445,891 per contractor.

These costs are significantly higher than the costs that would be incurred by the military. The security services provided by Blackwater would typically be performed by an Army Sergeant, whose salary, housing, and subsistence pay range from approximately $140 to $190 per day, depending on rank and years of service. On an annual basis, the salary, housing, and subsistence pay of an Army Sergeant ranges from $51,100 to $69,350 per year.[55] The amount the government pays Blackwater for these same services is approximately six to nine times greater.

Defenders of private security contractors have argued that using private security contractors saves the government money because it avoids the need to train, equip, and support troops. However, the reverse may actually be occurring as the growing role of private military contractors causes trained troops to leave the military for private employment. Secretary of Defense Robert M. Gates recently testified: "[M]y personal concern about some of these security contracts is that I worry that sometimes the salaries that they are able to pay in fact lure some of our soldiers out of the service to go to work for them."[56] The situation has deteriorated to the point that Secretary Gates testified that he has asked Pentagon officials to work towards including "non-compete clauses" in military contracts in order to "put some limits on the ability of these contractors to lure highly trained soldiers out of our forces and to work for them."[57]

Another concern for taxpayers is overcharging and double-billing by private security contractors. A January 2005 audit of a Blackwater security contract by the State Department Inspector General found that Blackwater was charging the government separately for "drivers" and "security specialists," who were in fact the same individuals.[58] The audit also revealed that Blackwater was improperly charging profit as part of its overhead costs, which results "not only

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[54] *Blackwater Contract S-AQMPD-04-D-0061, Iraq, June 11, 2005 to September 10, 2006, supra* note 4; Blackwater invoices to the U.S. Department of State under WPPS II.

[55] U.S. Department of Defense, *Regular Military Compensation Calculator* (online at www.dod.mil/militarypay/pay/calc/index.html) (accessed on Sept. 29, 2007).

[56] Testimony of Secretary of Defense Robert M. Gates. *Hearing of the Senate Committee on Appropriations: The President's FY 2008 Supplemental Request for the Wars in Iraq and Afghanistan* (Sept. 26, 2007).

[57] *Id.*

[58] U.S. Department of State, Office of the Inspector General, *Agreed-Upon Procedures Review of Daily Direct Labor, Aerial Support Equipment and Indirect Expense Rates Proposed by Blackwater Security Consultants, Incorporated* (Jan. 31, 2005) (OIG-AUD/IQO-05-13).

in a duplication of profit, but also a pyramiding of profit because, in effect, Blackwater is applying profit to profit."[59]

IV. Conclusion

The hearing on October 2 will provide members an opportunity to explore basic questions about the role of Blackwater in Iraq, including whether Blackwater's actions are helping or impeding U.S. efforts in Iraq and whether the costs to the taxpayer are justified. Members will also have an opportunity to question State Department officials about their oversight of Blackwater's conduct. As summarized in this memorandum, the Committee has received new information about Blackwater's activities, the State Department's responses, and taxpayer costs that can help inform member questioning in these areas.

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[59] *Id.*

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