
SUSPENSIONS AND DEBARMENTS

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

In June 2003, the Department of Defense designated the Department of the Army as the executive agent for contracting support to the Coalition Provisional Authority (CPA). As a result, the Army's Suspension and Debarment Program leads the effort to ensure the integrity of contractors performing these contracts. The goal of this program is to ensure that these contracts are awarded to, and performed by,

contractors who are honest and ethical and who have the ability to successfully perform this important work. The Procurement Fraud Branch has also taken a leading role within the Army and at joint contracting organizations to train contracting officers to aid in the prevention and early detection of contractor fraud in Iraq reconstruction and support contracts.

To date, 32 individuals and companies have been either suspended, proposed for debarment, or debarred. Since the last Quarterly Report, the Procurement Fraud Branch has suspended 5 more individuals and companies, based on allegations of fraud and misconduct connected to Iraq reconstruction and contractor fraud, bringing the total suspensions to date to 20. In addition, since the last Quarterly Report, 5 individuals and companies have been proposed for debarment and 5 have been debarred, bringing the total proposed debarments to 21 and the total debarments to 14.

Highlights from the second quarter of 2007 include the suspensions of George H. Lee, Justin W. Lee, Oai Lee, Lee Dynamics International, and Lee Defense Services as a result of information provided to the Army by the International Contract Corruption Task Force. All were suspended pending the outcome of an ongoing investigation into charges of bribery and money laundering related to government contracts in Kuwait and Iraq. Other actions included the proposal for debarment of Philip H. Bloom, his company (Global Business Group S.R.L.), and Robert J. Stein, Jr., based on their involvement in a conspiracy to defraud the CPA as reported in the October 2006 SIGIR Quarterly Report. Additional actions against members of this conspiracy are pending. Faheem Mousa Salem was debarred during this quarter based on his conviction for attempted bribery of Iraqi police officials in exchange for contracts with the Civilian Police Assistance Training Team, Multi-National Security Transition Command-Iraq, also reported in the October 2006 SIGIR Quarterly Report.

Regarding other actions during the first quarter of 2007, the Army Suspension and Debarment Official is currently reviewing a submission by Parsons Corporation in response to a request that the company provide information regarding its current responsibility as a government contractor. No action has been taken to date against Parsons or its subsidiaries pending the outcome of this review.

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

NAME	POSITION	SUSPENSION AND DEBARMENT ACTION TAKEN	REASON FOR ACTION	LOSS TO GOVERNMENT	CASE STATUS
Powell, Glenn Allen	LOGCAP Contractor Employee	Sept. 17, 2005—Suspended; Dec. 13, 2005—Proposed for Debarment; Feb. 16, 2006—Debarred	Bribery of Government Official	\$113,000	Awarded contract to KBR subcontractor under LOGCAP III contract in exchange for 20% kickback of contract price. Employer unaware of actions. On August 19, 2005, pled guilty to a two-count criminal information charging him with fraud. Case Closed.
DXB International	LOGCAP Sub-Contractor	Proposed for Debarment; Sept. 29, 2005—Debarred	Allegations of Failure to Perform a Contract		Failure to perform a contract for the delivery of ice to Army troops in Iraq. Case Closed.
Ludwig, Steven	Employee—DXB International	Proposed for Debarment; Sept. 29, 2005—Debarred	Allegations of Failure to Perform a Contract	See case status for DXB International	Failure to perform a contract for the delivery of ice to Army troops in Iraq. Case Closed.
Jasmine International Trading and Service Company	Contractor—Area Support Group Kuwait	Feb. 27, 2006—Proposed for Debarment; June 2, 2006—Debarred	Allegations of Bribery of Government Official	No known loss.	Provided payments to Army finance office personnel at Camp Arifjan, Kuwait, for expedition of payments due on Army contracts. Kuwaiti Company—no DoJ action. 9-Month Debarment. Case Closed.
Salem, Diaa Ahmen Abdul Latif	Director, Jasmine International Trading and Service Company	Feb. 27, 2006—Proposed for Debarment; June 2, 2006—Debarred	Allegations of Bribery of Government Official	No known loss.	Provided payments to Army finance office personnel at Camp Arifjan, Kuwait, for expedition of payments due on Army contracts. Kuwaiti National—no DoJ action. 9-Month Debarment. Case Closed.
Eagle Global Logistics, Inc.	Sub-Contractor—LOGCAP III	Feb. 27, 2006—Suspended; March 2, 2006—Administrative Compliance Agreement Signed	Allegations of Violation of the False Claims Act; False Statements	See case status	Claimed surcharges for air-freight forwarding services of transport of U.S. military equipment between Dubai and Baghdad. Administrative compliance agreement signed with Army on March 2, 2006.
Cahill, Christopher Joseph	Employee—Eagle Global Logistics, Inc.	Feb. 27, 2006—Suspended; Sept. 15, 2006—Proposed for Debarment; Nov. 9, 2006—Debarred	False Claims Act; False Statements	See case status	Pled guilty to adding an illegal surcharge to government contracts while employed by a shipping company in the Middle East. Sentenced by the U.S. District Court, Central District of Illinois, to 30 months' confinement, 2 years supervised release, and a \$10,000 fine. Case Closed.
Global Business Group S.R.L.	Contractor—CPA-SC	Nov. 28, 2005—Suspended; June 26, 2007—Proposed for Debarment	Money Laundering; Bribery; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	\$2,982,610	Contractor based in Romania used by Philip H. Bloom to procure fraudulent contracts. Also doing business as Global Business Group Logistics, GBG Holdings, and GBF Logistics Division.
Bloom, Philip H.	Owner, Global Business Group S.R.L.	Nov. 28, 2005—Suspended; June 26, 2007—Proposed for Debarment	Money Laundering; Bribery; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	See case status for Global Business Group S.R.L.	Pled guilty to conspiracy, bribery, and money laundering on March 10, 2006, in U.S. District Court for the District of Columbia. Sentenced Feb. 16, 2007 to 46 months confinement, 24 months supervised release, and (with co-conspirators) forfeiture of \$3,600,000.
Merkes, Steven	Former Contracting Officer—SOCEUR	Jan. 24, 2007—Suspended	Acceptance of Illegal Gratuities	\$24,000	Accepted position with Global Business Group S.R.L. while a U.S. Govt employee. Agreed to provide GBG with assistance in receiving SOCOM contracts in Eastern Europe and Iraq. Sentenced June 1, 2007, to 12 months confinement. Proposal for debarment pending.
Stein, Robert J., Jr.	CPA-SC Civilian Comptroller and Funding Officer	Dec. 2, 2005—Suspended; July 2, 2007—Proposed for Debarment	Allegations of Money Laundering; Bribery; Wrongful Conversion; Possession of Machine Gun; Non Registration of Weapon; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	\$434,348 plus \$69,620 worth of weapons	Pled guilty to conspiracy, money laundering, bribery, possession of a machine gun, and aiding/abetting in the U.S. District Court for D.C. Sentenced on Jan. 29, 2007, to 9 years confinement, 36 months supervised release, and (with co-conspirators) forfeiture of \$3,600,000.
Wheeler, Michael B., LTC, USA	Civil Affairs Team Leader, 432nd CA BN, USA	Dec. 7, 2005—Suspended	Allegations of Money Laundering; Bribery; Wrongful Conversion; Possession of Machine Gun; Non Registration of Weapon; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	\$100,000	Indicted Feb. 7, 2007, in the U.S. District Court for the District of New Jersey. Awaiting Trial.
Harrison, Debra M., LTC, USA	Assistant CPA-SC Comptroller and Funding Officer, 358th CA BDE, USA	Dec. 20, 2005—Suspended	Allegations of Money Laundering; Bribery; Wrongful Conversion; Possession of Machine Gun; Non Registration of Weapon; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	\$330,000 plus assorted bribery gifts; weapons, airline tickets and a Cadillac Escalade	Indicted Feb. 7, 2007, in the U.S. District Court for the District of New Jersey. Awaiting Trial.
Hopfingerdiner, Bruce D., LTC, USA	Civil Affairs Advisor, Iraqi Police, Al-Hillah Iraq	July 19, 2006—Suspended	Wire Fraud; Money Laundering; Interstate Transport of Stolen Property; Conspiracy; Wrongful Conversion	\$22,400 cash, \$3,121 investments, Harley Davidson Motorcycle, and GMC Yukon Denali	Pled guilty to conspiracy to commit money laundering and wire fraud June 26, 2007. Sentenced to 21 months confinement, 36 months supervised release, \$144,500 fine, and (with co-conspirators), forfeiture of \$3,600,000. Proposed debarment pending.

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Salam, Faheem Mousa	Contractor - MNSTC-I	April 13, 2006—Suspended; April 13, 2007—Proposed for Debarment; June 28, 2007—Debarred	Attempted Bribery of Government Official	No known loss.	Accused of offering cash payments to Iraqi police officials in exchange for contracts to supply the Civilian Police Assistance Training Team, Multi-National Security Transition Command—Iraq, with 1,000 protective vests and other equipment. Pled guilty and sentenced Feb. 7, 2007 to 36 months confinement, 24 months supervised release, 250 hours community service and \$100 SA. Case Closed.
Faiq, Alwan	Contractor Employee—GRD Baghdad	June 20, 2006—Proposed for Debarment; Dec. 28, 2006—Debarred	Allegations of Bribery, False Claims	No known loss.	Alleged attempted bribery of a USACE-GRD contracting officer in exchange for procurement-sensitive information and favorable treatment on future contracts. Case Closed.
Danube Engineering and General Contracting	Contractor - GRD Baghdad	June 20, 2006—Proposed for Debarment; Dec. 28, 2006—Debarred	Allegations of Bribery, False Claims	No known loss.	Debarred based on unauthorized delegation of contract performance to a subcontractor resulting in attempted bribery of a contracting officer for procurement-sensitive information. Debarred for one year. Case Closed.
Qussay, Abdullah Hady	President, OAH Mechanical and Electrical Works	March 8, 2007—Proposed for Debarment; June 27, 2007—Debarred	Allegations of Bribery, False Claims	No known loss.	Accused of misrepresenting to USACE-GRD that he was a director of Danube Engineering and General Contracting. Case Closed.
QAH Mechanical and Electrical Works	Subcontractor, Baghdad, Iraq	March 8, 2007—Proposed for Debarment; June 27, 2007—Debarred	Allegations of Bribery, False Claims	No known loss.	Debarred based on affiliation with Mr. Abdullah H. Qussay. Case Closed.
Zahed, Mohamed Abdel Latif	Contractor Employee (Linguist), Camp Victory, Iraq	Feb. 9, 2007—Proposed for Debarment	Allegations of False Claims	No known loss.	Contractor provided reimbursement of \$31,985. Current whereabouts unknown.
Parsons Corporation, d/b/a Parsons Global Service, Inc.	Contractor, Iraq Reconstruction Projects	See case status	See case status	See case status	Show cause letter sent on March 27, 2007, to determine compliance with DFARS 203.7000 based on allegations made by SIGIR during congressional testimony and in audit reports. Response was received May 2, 2007 and is currently under review by SDO.
Moore, Keith, SFC, USA	Mayor, FOB Union III, Iraq, HUB, 2-77 FA	March 30, 2007—Proposed for Debarment	Allegations of Bribery, Theft, Extortion	\$7,360	Allegedly accepted illegal gratuities from contractors at FOB Union III. Threatened to have contractors removed from FOB for failure to provide payments demanded. Awaiting court-martial, Ft. Hood, TX.
Balisi, Anthony O. SSG, USA	Provost, FOB Union III, Iraq, HHB, 2-77 FA	March 30, 2007—Proposed for Debarment	Allegations of Bribery, Theft, Extortion	Unknown	Allegedly accepted illegal gratuities from contractors at FOB Union III. Threatened to have contractors removed from FOB for failure to provide payments demanded. Awaiting court-martial, Ft. Hood, TX.
Whiteford, Curtis G. COL (Retired) USA	Chief of Staff and Deputy Regional Advisor, CPA-5C, Al-Hillah, Iraq	March 30, 2007—Suspended	Allegations of Money Laundering; Bribery; Wrongful Conversion; Possession of Machine Gun; Non Registration of Weapon; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	Nissan 350z Sports Car, cash, airline tickets, jewelry, tactical gear, and an offer of employment with co-conspirator's company	Indicted Feb. 7, 2007, in the U.S. District Court for the District of New Jersey. Awaiting Trial.
Pappen, Gheevarghese	Contracting Officer—ASG Kuwait	March 30, 2007—Suspended; May 1, 2007—Proposed for Debarment; June 28, 2007—Debarred	Bribery of Government Official; Racketeering	Approx. \$28,900 in cash	Allegedly received approximately \$28,900 and attempted to receive an additional payment of approximately \$19,000 from a Kuwaiti national for contracts to provide apartments in Kuwait City for Army personnel. Case Closed.
Seamans, Stephen Lowell	Employee, LOGCAP III Contractor	April 27, 2006—Suspended; Jan. 5, 2007—Proposed for Debarment	Wire Fraud, Money Laundering	\$380,130	Sentenced Dec. 1, 2006, to 12 months and 1 day confinement, 3 years supervised release, \$380,130 restitution, \$200 Special Assessment. Debarment action pending.
Green Valley Company	Contractor, Camp Arifjan, KU	Dec 1, 2006—Proposed for Debarment; May 18, 2007—Debarred	Allegations of False Claims, False Statements	Allegations of \$1,367,891 in false claims	Fact based debarment action based on substantiated allegations that contractor willfully caused the submission of false claims related to the removal of black/gray water from Camp Arifjan, Kuwait. Case Closed.
Barnes, Thomas Nelson	Contractor Employee, MNF-I	Nov. 4, 2005—Suspended; Nov. 16, 2006—Proposed for Debarment; Jan. 24, 2007—Debarred	Theft	Loss valued at less than \$1,000	Pled guilty to one count of theft of public property for improperly issuing badges to contractor employees resulting in unauthorized access to International Zone, Baghdad. Sentenced May 11, 2006, to 30 days home confinement, and 1 year supervised probation. Case Closed.
Lee Dynamics International	MNSTC-I Contractor	July 9, 2007—Suspended	Allegations of Bribery of Government Official and Money Laundering		Fact based suspension action based upon information received from the International Contract Corruption Task Force.
Lee Defense Services Corporation	Subcontractor and affiliated company, Lee Dynamics International	July 9, 2007—Suspended	Allegations of Bribery of Government Official and Money Laundering		Fact based suspension action based upon information received from the International Contract Corruption Task Force. Suspended as an affiliated company of Lee Dynamics International and Justin W. Lee.

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Lee, George H.	CEO and Chairman, Lee Dynamics International	July 9, 2007—Suspended	Allegations of Bribery of Government Official and Money Laundering		Fact based suspension action based upon information received from the International Contract Corruption Task Force.
Lee, Justin W.	Marketing Manager, Lee Dynamics International	July 9, 2007—Suspended	Allegations of Bribery of Government Official and Money Laundering		Fact based suspension action based upon information received from the International Contract Corruption Task Force.
Lee, Oai	Agent, Lee Dyanamics International	July 9, 2007—Suspended	Allegations of Bribery of Government Official and Money Laundering		Fact based suspension action based upon information received from the International Contract Corruption Task Force.