SUSPENSIONS AND DEBARMENTS

Since December 2005, the Special Inspector General for Iraq Reconstruction (SIGIR) has worked closely with the Department of Justice (DoJ), U.S. Army Criminal Investigation 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.

Since the last Quarterly Report, the Procurement Fraud Branch has suspended 3 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 32. In addition, since the last Quarterly Report 2 individuals and companies have been proposed for debarment and 3 have been debarred bringing the total proposed debarments to 30 and the total debarments to 20.
Highlights from the fourth quarter of 2007 include two hearings held before the Army Suspension and Debarment Official regarding allegations of misconduct in the award of convoy-security contracts to EOD Technology, Inc., in Iraq. These hearings resulted in the termination of a proposed debarment of a former EOD Technology employee and a determination that suspension or debarment action was not appropriate at this time with regard to the company itself. The Army Procurement Fraud Branch also received assistance from the U.S. Army Europe and 7th Army, Office of the Staff Judge Advocate, in the proposal for debarment of Yuksel Insaat, a Turkish construction contractor accused of submitting false claims as a result of a termination for convenience of a contract for Joint Contracting Command-Iraq/ Afghanistan in Taji, Iraq. Finally, one show cause letter was sent to Al Qabandi United Company WLL, a Kuwait-based supplier of construction materials and other services to Coalition forces in Kuwait regarding a failure to provide adequate gravel for construction activities at Camp Arifjan, Kuwait.

Regarding other actions in the fourth quarter of 2007, the Army Suspension and Debarment Official sent a request for information to Kuwait and Gulf Link Transport, a Kuwait-based provider to transportation services to Coalition forces, due to the entry of a default judgment against the company in the United States District Court for the Northern District of Georgia for the wrongful death of LTC Dominic Baragona, Jr., USA. LTC Baragona passed away as a result of a traffic accident involving a HMMWV and a Kuwait and Gulf Link Transport tractor-trailer on May 19, 2003. The default judgment, entered on November 5, 2007, awarded $4.9 million to LTC Baragona’s family. The request for information asked how the company intends to acknowledge this judgment in light of its statement that it is a presently responsible government contractor.

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 L-1.
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Reason for Action</th>
<th>Loss to Government</th>
<th>Case Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>DXB International</td>
<td>LOGCAP Subcontractor - DXB International</td>
<td>Allegations of Failure To Perform a Contract</td>
<td>$41,311,936.00</td>
<td>Failure to perform a contract for the delivery of ice to Army troops in Iraq. Case Closed.</td>
</tr>
<tr>
<td>Name Withheld</td>
<td>Employee - DXB International</td>
<td>Allegations of Failure To Perform a Contract</td>
<td></td>
<td>SDD determined that debarment was not appropriate based on lack of substantiation of allegations. Case Closed.</td>
</tr>
<tr>
<td>Ludwig, Steven</td>
<td>Employee - DXB International</td>
<td>Allegations of Failure To Perform a Contract</td>
<td></td>
<td>Failure to perform a contract for the delivery of ice to Army troops in Iraq. Case Closed.</td>
</tr>
<tr>
<td>Salem, Diaa Ahmen</td>
<td>Director, Jasmine International Trading and Service Company</td>
<td>Allegations of Bribery of Government Official</td>
<td></td>
<td>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.</td>
</tr>
<tr>
<td>Cahill, Christopher</td>
<td>Employee - Eagle Global Logistics, Inc.</td>
<td>False Claims Act; False Statements</td>
<td></td>
<td>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.</td>
</tr>
<tr>
<td>Global Business Group</td>
<td>Contractor – CPA-SC</td>
<td>Money Laundering; Bribery; Interstate Transport of Stolen Property; Conspiracy</td>
<td>$2,982,610</td>
<td>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. Debarred for approximately 7 years and 4 months, ending on 11/28/2014. Case Closed.</td>
</tr>
<tr>
<td>Bloom, Philip H.</td>
<td>Owner, Global Business Group S.R.L.</td>
<td>Money Laundering; Bribery; Interstate Transport of Stolen Property; Conspiracy</td>
<td></td>
<td>Pled guilty to conspiracy, bribery, and money laundering on 3/10/2006 in U.S. District Court for the District of Columbia. Sentenced 2/16/2007 to 46 months confinement, 24 months supervised release, and (with co-conspirator) forfeiture of $3,600,000. Debarred for a period of approximately 7 years and 4 months, ending on 11/28/2014. Case Closed.</td>
</tr>
<tr>
<td>Merkes, Steven</td>
<td>Former Contracting Officer—SOCEUR</td>
<td>Acceptance of Illegal Gratuities</td>
<td>$24,000.00</td>
<td>Accepted position with Global Business Group S.R.L while a U.S. government employee. Agreed to provide GBG with assistance in receiving SOCOM contracts in Eastern Europe and Iraq. Sentenced 6/1/2007 to 12 months of confinement.</td>
</tr>
<tr>
<td>Stein, Robert J., Jr</td>
<td>CPA-SC Civilian Comptroller and Funding Officer</td>
<td>Allegations of Money Laundering; Bribery; Wrongful Conversion; Possession of Machine Gun; Non Registration of Weapon; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy</td>
<td>$434,348 plus $69,620 worth of weapons</td>
<td>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 12/9/2007 to 9 years confinement, 36 months supervised release, and (with co-conspirators) forfeiture of $3,600,000. Debarred for a period of approximately 7 years and 4 months, ending on 12/5/2014. Case Closed.</td>
</tr>
<tr>
<td>Name</td>
<td>Position</td>
<td>Suspension and Debarment Action Taken</td>
<td>Reason for Action</td>
<td>Loss to Government</td>
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<tr>
<td>Hopfengardner, Bruce D., LTC, USAR</td>
<td>Civil Affairs Advisor, Iraqi Police, Al-Hillah, Iraq</td>
<td>Suspended, 7/19/2006; proposed for debarment, 8/8/2007; debarred 9/20/2007</td>
<td>Wire Fraud, Money Laundering, Interstate Transport of Stolen Property, Conspiracy, Wrongful Conversion</td>
<td>$22,400 cash, $3,121 investments, Harley-Davidson motorcycle, and GMC Yukon Denali</td>
</tr>
<tr>
<td>Parsons Corporation, d/b/a Parsons Global Service, Inc.</td>
<td>Contractor Iraq Reconstruction Projects</td>
<td>See case status</td>
<td>See case status</td>
<td>See case status</td>
</tr>
<tr>
<td>Moore, Keith, SFC, USA</td>
<td>Mayor, FOB Union III, Iraq, HUB, 2-77 FA</td>
<td>Proposed for debarment, 3/30/2007</td>
<td>Allegations of Bribery, Theft, Extortion</td>
<td>$7,360</td>
</tr>
<tr>
<td>Name</td>
<td>Position</td>
<td>Suspension and Debarment Action Taken</td>
<td>Reason for Action</td>
<td>Loss to Government</td>
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</tr>
<tr>
<td>Balisi, Anthony O., SSG, USA</td>
<td>Provost, FOB Union III, Iraq, HHB, 2-77 FA</td>
<td>Proposed for debarment, 3/30/2007</td>
<td>Allegations of Bribery, Theft, Extortion</td>
<td>Unknown</td>
</tr>
<tr>
<td>Pappen, Gheevarghese</td>
<td>Contracting Officer - ASG Kuwait</td>
<td>Suspended, 3/30/2006; proposed for debarment, 5/1/2007; debarred, 6/28/2007</td>
<td>Bribery of Government Official, Racketeering</td>
<td>Approx. $28,900 in cash</td>
</tr>
<tr>
<td>Name Withheld</td>
<td>Contractor, Camp Arifjan, KU</td>
<td>Proposed for debarment, 12/1/2006; proposed debarment terminated, 5/18/2007</td>
<td>Allegations of False Claims, False Statements</td>
<td>No known loss.</td>
</tr>
<tr>
<td>Green Valley Company</td>
<td>Contractor, Camp Arifjan, KU</td>
<td>Proposed for debarment, 12/1/2006; debarred, 5/18/2007</td>
<td>Allegations of False Claims, False Statements</td>
<td>$1,367,891 in false claims</td>
</tr>
<tr>
<td>Lee Dynamics International</td>
<td>MNSTC-I Contractor</td>
<td>Suspended, 7/9/2007</td>
<td>Allegations of Bribery of Government Official and Money Laundering</td>
<td>Between $11,400,000 and $25,000,000 in government contracts</td>
</tr>
<tr>
<td>Name</td>
<td>Position</td>
<td>Suspension and Debarment Action Taken</td>
<td>LOS TO GOVERNMENT</td>
<td>REASON FOR ACTION</td>
</tr>
<tr>
<td>------</td>
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</tr>
<tr>
<td>Oai Lee</td>
<td>Agent, Lee Dynamics International</td>
<td>Suspended, 7/22/2007</td>
<td>See entry for Lee Dynamics International</td>
<td>Allegations of Bribery of Government Officials and Money Laundering</td>
</tr>
<tr>
<td>Raggio, Robert A., Dept of the Army Civilian</td>
<td>Former Finance Manager, Joint ASG, Baghdad, Iraq and President, RMI</td>
<td>Proposed for debarment, 9/10/2007</td>
<td>Unknown</td>
<td>Allegations of Conflicts of Interest</td>
</tr>
<tr>
<td>Reviewer Management International Limited (RMI)</td>
<td>Contractor, JCC-I/A, Baghdad, Iraq</td>
<td>Proposed for debarment, 9/10/2007</td>
<td>Unknown</td>
<td>Allegations of Conflicts of Interest</td>
</tr>
<tr>
<td>Key, Austin, CPT, USA</td>
<td>COR, 10th Mountain Division, Victory Base Complex Regional Contracting Center, Iraq</td>
<td>Proposed for debarment, 8/27/2007</td>
<td>Unknown</td>
<td>Allegations of Bribery of Government Officials and Money Laundering</td>
</tr>
<tr>
<td>Cockerham, John L., MAJ, USA</td>
<td>Former Contracting Officer, Camp Arifjan, Kuwait</td>
<td>Suspended, 8/15/2007</td>
<td>Unknown</td>
<td>Allegations of Bribery, Wire Fraud and Money Laundering</td>
</tr>
<tr>
<td>Cockerham, Melissa</td>
<td>Spouse, MAJ John Cockerham</td>
<td>Suspended, 8/15/2007</td>
<td>Unknown</td>
<td>Allegations of Wire Fraud and Money Laundering</td>
</tr>
<tr>
<td>Blake, Carolyn</td>
<td>Sister, MAJ John Cockerham</td>
<td>Suspended, 8/15/2007</td>
<td>Unknown</td>
<td>Allegations of Wire Fraud and Money Laundering</td>
</tr>
<tr>
<td>Name Withheld</td>
<td>Contractor Employee, IZ, Baghdad</td>
<td>Proposed for debarment, 9/14/2007; proposal for a show cause letter sent on 9/14/2007 regarding allegations that EOD Technology, Inc. received convoy security delivery orders as a result of misconduct by an employee of the company.</td>
<td>Unknown</td>
<td>Allegations of Violations of the Procurement Integrity Act, Violations of the Freedom of Information Act</td>
</tr>
<tr>
<td>Name Withheld</td>
<td>Contractor Employee, IZ, Baghdad</td>
<td>Proposed for debarment, 9/14/2007; proposal for a show cause letter sent on 9/14/2007 regarding allegations that EOD Technology, Inc. received convoy security delivery orders as a result of misconduct by an employee of the company.</td>
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<td>Proposed for debarment, 9/14/2007; proposal for a show cause letter sent on 9/14/2007 regarding allegations that EOD Technology, Inc. received convoy security delivery orders as a result of misconduct by an employee of the company.</td>
<td>Unknown</td>
<td>Allegations of Violations of the Procurement Integrity Act, Violations of the Freedom of Information Act</td>
</tr>
</tbody>
</table>

Note: The table above lists individuals and companies who were subject to suspension and debarment actions by the Special Inspector General for Iraq Reconstruction. The reasons for action and the status of the cases are also provided.
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Suspension and Debarment Action Taken</th>
<th>Reason for Action</th>
<th>Loss to Government</th>
<th>Case Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crenshaw, Joseph, CW2, USA</td>
<td>COR, 10th Mountain Division, Victory Base Complex Regional Contracting Center, Iraq</td>
<td>Suspended, 12/3/2007</td>
<td>Allegations of larceny and bribery</td>
<td>Unknown</td>
<td>Allegedly received cash payments in return for escorting contractor fuel tankers into Camp Victory, Iraq, for the purpose of stealing the fuel.</td>
</tr>
<tr>
<td>Al Qabandi United Company WLL</td>
<td>Construction Materials Supplier, Camp Arifjan, Kuwait</td>
<td>See case status</td>
<td>See case status</td>
<td>See case status</td>
<td>Show cause letter sent on 12/31/2007 in response to allegations that the company delivered gravel to Camp Arifjan in inadequate amounts that failed to meet contract requirements.</td>
</tr>
<tr>
<td>Insaat, Yuksel</td>
<td>JCC-VA Prime Contractor and LOGCAP III Subcontractor</td>
<td>Proposed for debarment, 11/8/2007</td>
<td>Allegations of false claims</td>
<td>See case status</td>
<td>Contractor for construction of a barracks in Taji, Iraq, valued at $19,800,000. After contract was terminated, contractor was accused of submitting numerous claims to the government in the amount of $2,598,941, of which it is alleged that $2,497,440 were false. Proposed for debarment by USAREUR Suspension and Debarment Official.</td>
</tr>
</tbody>
</table>

Table L-1