

WARLORD, INC.

*Extortion and Corruption Along
the U.S. Supply Chain in Afghanistan*



Report of the Majority Staff

Rep. John F. Tierney, Chair

Subcommittee on National Security and Foreign Affairs

Committee on Oversight and Government Reform

U.S. House of Representatives

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Congress of the United States
Washington, DC 20515

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To the Members of the Subcommittee:

Today I present to you a report entitled, *Warlord, Inc.: Extortion and Corruption Along the U.S. Supply Chain in Afghanistan*, which has been prepared by the Majority staff of the Subcommittee on National Security and Foreign Affairs of the Committee on Oversight and Government Reform. After a six-month investigation, the report exposes the circumstances surrounding the Department of Defense's outsourcing of security on the supply chain in Afghanistan to questionable providers, including warlords.

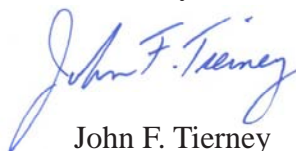
The findings of this report range from sobering to shocking. In short, the Department of Defense designed a contract that put responsibility for the security of vital U.S. supplies on contractors and their unaccountable security providers. This arrangement has fueled a vast protection racket run by a shadowy network of warlords, strongmen, commanders, corrupt Afghan officials, and perhaps others. Not only does the system run afoul of the Department's own rules and regulations mandated by Congress, it also appears to risk undermining the U.S. strategy for achieving its goals in Afghanistan.

To be sure, Afghanistan presents an extremely difficult environment for military operations, logistics, and business practices. Nevertheless, the evidence indicates that little attention was given to the cost-benefit analysis of allowing the system to continue in a fashion that injected a good portion of a \$2.16 billion contract's resources into a corruptive environment. The 'fog of war' still requires a direct line of sight on contractors.

This report is confined to the facts pertaining to the Host Nation Trucking contracts, and in that limited sphere there are constructive changes that can be made to the U.S. supply chain in Afghanistan to improve contracting integrity while mitigating corrupting influences. This report offers some realistic recommendations to serve as a catalyst for what appears to be a much-needed reconsideration of policy.

However, the Department, the Administration, and Congress will have to determine if the information presented here, along with other information and developments, will require reconsideration of the overall strategic approach to our mission in Afghanistan. The critical new information contained in the report will inform the Subcommittee and Congress as a whole as it formulates and oversees an Afghanistan policy that must serve vital U.S. interests. In turn, the Department of Defense would be well served to take a hard look at this report and initiate prompt remedial action.

Sincerely,



John F. Tierney
Chairman

Note on Methodology

In November 2009, at the behest of Chairman John Tierney, the Majority staff of the Subcommittee on National Security and Foreign Affairs initiated a preliminary inquiry into the Department of Defense's Afghan Host Nation Trucking (HNT) contract. This inquiry was prompted by a report from Aram Roston in *The Nation*¹ regarding allegations that U.S. trucking contractors were making protection payments for safe passage through insecure areas in order to supply U.S. troops in the field. In December 2009, Chairman Tierney sent letters to the Department of Defense and to the eight HNT contractors requesting documents and information related to the operation of the contract. In total, the Department and the contractors produced over 25,000 pages of documents to Chairman Tierney and Ranking Member Jeff Flake.

After receiving documents, Majority and Minority staff formally interviewed 31 witnesses in connection with the investigation, including military personnel, HNT contractors, private security providers, and experts on politics and corruption in Afghanistan. The Majority staff recorded detailed notes from each meeting and subsequently provided memoranda summarizing individual interviews to the Minority staff for comment. Those interview memoranda are on file with the Subcommittee. The Majority staff conducted preliminary interviews with three senior Department of Defense officials referenced in this report but were prohibited from conducting formal interviews by the Department's decision to resist access to military personnel deployed in Afghanistan.

The Majority and Minority staff also received several relevant intelligence briefings, but, for purposes of public dissemination, no classified information is contained in this report.

Due to the security risks faced by contractor personnel supporting the U.S. mission in Afghanistan, this report does not specifically disclose the names or identities of many cooperating witnesses.

With some important exceptions, the Subcommittee eventually received substantial cooperation with its investigation from the Department of Defense and most of the HNT contractors. Notably, after almost six months of requests, the Department only provided a critically relevant document relating to its own investigation into the allegations at issue on June 14, 2010 – eight days before the scheduled hearing on the Subcommittee's investigation. That document has been withheld from inclusion in this report at the Department of Defense's request. At the time of printing, discussions regarding the origin and context of that document are ongoing.

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