

7. *HNT Contractors Warned the Department of Defense About Protection Payments for Safe Passage to No Avail*

Finding: In meetings, interviews, e-mails, white papers, and PowerPoint presentations, many HNT prime contractors self-reported to military officials and criminal investigators that they were being forced to make “protection payments” for “safe passage” on the road. While military officials acknowledged receiving the warnings, these concerns were never appropriately addressed.

Under normal circumstances, contractors do not volunteer to the government that they might be breaking the law; in this case, HNT contractors repeatedly did just that. Their reports fell on deaf ears.

Representatives for the HNT contractors regularly informed military officials that they were concerned that money was going to “insurgents,” “warlords,” other local actors, and corrupt government officials.²¹⁰ These warnings were met with apparent inaction. Although many military officials later expressed concerns to the Subcommittee staff about what they had heard, little action was ever taken to investigate or address the issue.²¹¹ From the logisticians’ perspective, their jobs were to make sure the goods got to where they needed to go. Any other concerns were beyond the scope of their duty.

Though Lieutenant Colonel Elwell and the 484th were in charge of direct management and oversight of the HNT contract, responsibility for oversight did not end there. Senior military commanders and other Department of Defense components were aware of the same allegations of protection payments for safe passage but failed to take action.

Early Warnings about Highway Extortion

Before the HNT contract began in early 2009, one current HNT contractor had already warned the military of being approached by “Taliban personnel” about safe passage payments. The contractor sent a memorandum to the military manager to record a Taliban request for “payment for the safe passage of convoys through there [sic] area... We have talked to other carriers that are making missions through those areas and they are paying the Taliban for safe passage.”²¹²

Memorandum For Record: **Initial Report send to** [REDACTED] **MCB**

To: Headquarters, 450th Movement Control Battalion
 Joint Logistics Command, RC-E
 Bagram Air Base, Afghanistan
 APO AE 09354

From: [REDACTED]

[REDACTED] was approached by Taliban personnel to talk about payment for the safe passage of convoys through there area. [REDACTED]'s policy is that we will not pay extortion money to fund their weapons or training to kill American Service men and women conducting operations in Afghanistan. If we make payment that money will be funneled back into their fight against the Coalition and our principles on that matter are straight forward. We have talked to other carriers that are making missions through those areas and they are paying the Taliban for safe passage. The current price to the Taliban is \$500 per truck from Kandahar to Herat. \$50 from Kabul to Ghazni, \$100 from Ghazni to Orguni, and \$200-\$300 from Orguni to Waza Kwah. All negotiations are conducted outside of Afghanistan and for the southern and western areas the Taliban POC is located in Quetta Pakistan.

Within days of the start of the HNT contract in May 2009, contractors informed military officials that they were being asked to make protection payments for safe passage through critical areas in the south and east. On May 9, 2009, the country manager for one HNT contractor submitted a PowerPoint presentation detailing the challenges his company faced in transporting goods to Forward Operating Base Sharana in Paktika Province. He reported that a local warlord controlled access to the bases, contractors were being asked to pay a “tariff” to gain access, and the fee was \$150,000 per month (key slide is excerpted in Finding 2).²¹³

The presentation was sent to several military officials, including Major Koger at the 484th. The country manager said that he created and sent the presentation because he did not feel comfortable funding a warlord’s private militia without the military’s permission. He recalled telling Major Koger that either the military had to fix the situation with the warlord or otherwise provide written permission for the contractor to make the payments. The country manager said that Major Koger had been sympathetic to his concerns, but when Major Koger took it up his chain of command, he was surprised and disappointed that the “higher ups just didn’t want to hear it.”²¹⁴

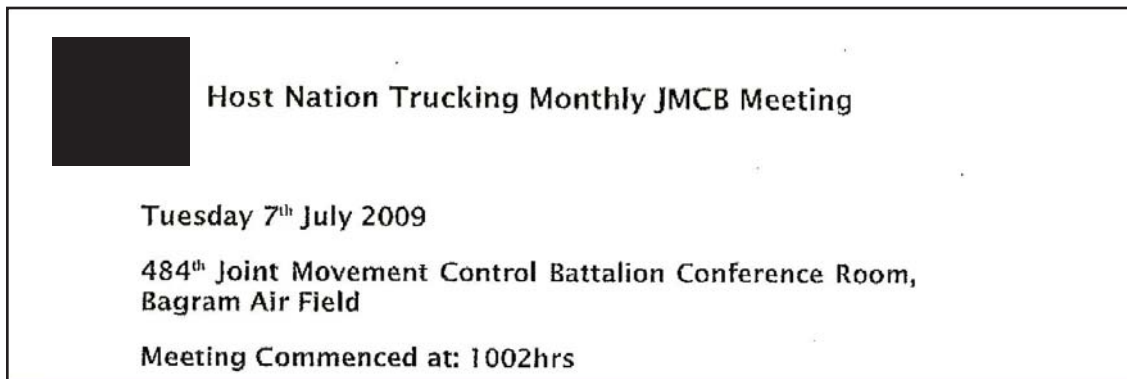
Major Koger did not recall the PowerPoint presentation but agreed that it had probably been sent to him. He explained that the general view held by many at the 484th was that such contractor complaints were simply part of a “pattern of excuses” for poor performance on the HNT contract.²¹⁵

The contracting officer for the HNT contract at the inception of performance recalled multiple contractors telling her that they were making protection “payments to the wrong side.” “There were a lot of requests for bribes along the road, like tolls, to bandits, Taliban, whomever,” she

stated. The contracting officer said that she believed the contractors when they told her that the protection payments were taking place because the contractors did not have any other reason to self-report potentially illegal activity. “[E]verybody was well aware” of the protection payment issue.²¹⁶

Regular Complaints about Protection Payments Met a Brick Wall

Several of the HNT contractors recalled that they reported their concerns of being extorted and making bribes out on the roads at several regular monthly meetings with the 484th and contracting officers.²¹⁷ One program manager reported these concerns at a July 9, 2009 meeting where representatives from the military and all of the HNT contractors were present.²¹⁸ After that meeting, the program manager e-mailed meeting minutes to all of the other HNT contractors as well as members of the 484th, including Lieutenant Colonel Elwell and Major Koger.²¹⁹ The contractors were seeking to gain up-arming authority for their private security contractors to carry heavier weapons such as RPGs and heavy machine guns to counter insurgent attacks, and the program manager reported that gaining this up-arming authority was the only way for the companies to stop making payments to insurgents.²²⁰ The meeting notes state:



Up arming authority

11. The PM HNT from [REDACTED] asked LtCol Elwell if there was any progress on the Up Arming Authority. It was highlighted that this authority would enable IDIQ Carriers the flexibility to choose PSC to perform convoy security. By gaining this authority IDIQ Carriers would stop funding the insurgency of what is estimated at 1.6 -- 2 Million Dollars per week. Lieutenant Colonel Elwell had no information regarding the progress and his response to the estimated cost IDIQ Carriers were funding the insurgency was that all he cared about was that the cargo was delivered in accordance with the contract.

Major Koger did not recall seeing the meeting minutes, but he described their account of the July 9, 2009 meeting as “accurate.” He stated that he had spoken to several of the contractors about their concerns regarding demands for protection payments but that he believed that the problem had probably been occurring for years and would have already been resolved if a feasible

solution existed. Major Koger characterized his overall level of concern regarding the reports of protection payments as “extremely concerned,” but his advice to contractors on how to deal with the situation was unhelpful: he told them that there was nothing in the contract that authorized paying “extortion money.”²²¹

Lieutenant Colonel Elwell said that the meeting minutes mischaracterized his comments, but he acknowledged that the HNT contractor representatives had complained at that meeting and on numerous other occasions about protection payments. He “clearly” recalled that the contractors had complained about the high cost of security at that meeting, but they never said that the protection payments were going to insurgents. His response to those costs was that the contractors had known the risks when they took on the contract and needed to perform without making excuses.²²²

Like Major Koger, Lieutenant Colonel Elwell emphasized that he very clearly told the contractors that all private security providers needed to be licensed and vetted in accordance with the contract. He also seemingly discouraged further communications to him about safe passage payments by telling the contractors that if they were not in compliance with the security provisions of the contract, he would have to convey that information to the contracting office, whose only power in these circumstances would be to punish non-compliance with the contract.²²³

Lieutenant Colonel Elwell took comfort that, despite the “constant whining” from carriers about security costs, “he never had any official communication from the carriers saying they were paying protection money to insurgents.” To him, unless an issue was raised in “official correspondence,” it was just rumor and hearsay.²²⁴

Although Lieutenant Colonel Elwell had never ‘left the wire’ and traveled on the roads, he held strong views about how Afghanistan actually functioned. He believed that some contractors mistook support for local tribes as support for the insurgency. “The statement that Taliban were helping to secure convoys would not necessarily signal to me that insurgents were doing this. A lot of former Taliban were working for legitimate businesses and providing legitimate security services.”²²⁵

“Investigating protection payments was way, way, way, way above my level. My job was to get barrels of insulating foam for tents out to to Dwyer so Marines didn’t suffocate from heat exhaustion.”

– Lieutenant Colonel Elwell

Even if they had wanted to, the contract managers of the 484th did not have the means to investigate allegations of protection payments for safe passage. As Lieutenant Colonel Elwell put it: “That was way, way, way, way above my level. My job was to get barrels of insulating foam for tents out to Dwyer so Marines didn’t suffocate from heat exhaustion.”²²⁶

The contractor representatives who self-reported to the 484th and the military contracting officers that their companies were making protection payments for safe passage were shocked by the lack of response from the military. One former program manager said that he expected that his complaints would “set off alarm bells at DoD,” but instead the response was “I don’t care.” In his view, none of the prime contractors knew where their security payments were going. He believed that the warlords provided some legitimate security services, but “there was also a certain element of extortion. If you don’t pay a certain person to secure a route for you [then you would be attacked].” After having spent over 20 years in the military including service in Afghanistan, the program manager said that he had “no doubt whatsoever” that warlords like Commander Ruhullah coordinated such attacks with insurgents.²²⁷

A former country manager stated that he had raised the issue of protection payments for safe passage through “every official channel” he could, except for the U.S. Embassy in Kabul. He said that he raised the issue with operators on the ground and the intelligence community. He was met with a lot of sympathy but never any action.²²⁸ As someone who had spent many years in the U.S. Special Forces, the prospect of funding warlords and potentially insurgents was “repugnant” to him. As a result, he left Afghanistan.

No-Go Areas

The contractors’ concerns regarding protection payments for safe passage received more attention when the contractors and their subcontractors refused to deliver cargo to forward operating bases in so-called “no-go areas.” The 484th was under enormous pressure to get goods to these difficult-to-reach and dangerous destinations. When too many carriers refused to run truck missions to Helmand Province, the 484th solicited white papers for an explanation. The responses were remarkably candid. One contractor wrote:

The need to provide heavy weapons and robust security with ex pat leadership was not a requirement on the contract and now seems to be a requirement in some areas unless these missions are turned over to green security [ISAF security]. **I also believe that most involved in this contract knew that cash money is often the most effective security, but I do not think it was anticipated how high the market would drive these prices and that cash security and special security forces would so often be the only option ...** RC South has been the location of nearly all of the attacks on IDIQ carriers, which needless to say presents significant challenges as it relates to controlling the quality of work and

production for the [local national] drivers and security staff. **The utilization of “Green Security” will eliminate the extortion in the south; however the attacks on convoys will increase due to this fact. Some carriers are paying as much as \$15,000 per truck for missions going to Dwyer and other south FOBs.**²²⁹

Another HNT project manager responded:

The cost of security for these vehicles is very high and absorbs most of any profit we would make. Sub Contractors and drivers request more money to operate in this area, further adding to the problems for our companies ... The cost of Private Security is exceptionally high, with companies attempting to raise their prices continually. **It is believed that a part of these charges are being paid as bribes to local Commanders, and therefore inevitably to the enemy ...** As previously stated this is one of the most volatile regions of the country. There is a continuous threat of roadside IED, and ambush. There will also be a threat, not only from enemy forces but from local commanders who have not been paid their tax.²³⁰

Still, despite explicit warnings in formal communications about “extortion,” “cash money” for security, and threats from “local commanders who have not been paid their tax,” no relief was forthcoming. The contractors were pressed to run the missions regardless of the costs and regardless of their concerns about where the money went.

The Military’s Request for Information on “Shakedown Money”

In September 2009, the issue briefly appeared to catch the interest of officials higher on the chain of command. On September 10, 2009, Major Koger sent an e-mail to representatives from all of the HNT contractors which asked about “protection/safe passage” payments, with the subject line “Shake down money”:²³¹

From: Koger, Valen R USA MAJ USA JLC 484th MCB

[mailto: [REDACTED]]

Sent: Thursday, September 10, 2009 7:06 AM

To: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Cc: [REDACTED]

Subject: Shake down money

All,

HNT has been asked to submit information which will be briefed at the 0-6 to 0-8 level. They are requesting to know how much money you pay per truck for protection / safe passage, and in what areas on your "No Go" list that you submitted to the 484th.

Thank you for your information.

MAJ Koger

484th JMCB

HNT COR

In Army parlance, the request for information to brief at the "0-6 to 0-8 level" refers to the rank of colonel through major general. Major Koger did not recall the e-mail or receiving any responses.²³² He speculated that someone else in the 484th had asked him to transmit the message because he frequently communicated with the contractors. He could not recall who requested the information or to whom that information was to be briefed.²³³ The contractors recalled receiving the e-mail, but none apparently responded.²³⁴

The executives of one HNT contractor debated internally whether they should respond to Major Koger's e-mail:²³⁵

-----Original Message-----

From: [REDACTED]

Sent: Thursday, September 10, 2009 5:59 PM

To: [REDACTED]

[REDACTED]

Cc: [REDACTED]

Subject: RE: Shake down money

All,

When I was in the HNT meeting reference the changes to the SOW the MCB Cmdr stated he did not care what it took or how much we paid to get the loads through as that was our problems. Basically without saying it if we support the enemy that is ok as I took it to get them through. We have not done this in the past and do not seeing this in the future we will continue to hire folks that know the area and when and when not to move.

With that said if we have information on folks trying to shake us down then it needs to be a verbal conversation and not one on email or a letter. Those are my thoughts here.

While many of the contractors were willing to self-report their concerns about protection payments for safe passage orally to the HNT contract managers, and contracting officers, there is no evidence that any contractor clearly stated these concerns in writing for senior commanders.

Up the Chain of Command

The 143rd Expeditionary Sustainment Command, the 484th's higher command, was also informed of the contractors' concerns about protection payments for safe passage. Lieutenant Colonel Lewis, the HNT point person for the 143rd, stated that he heard reports from contractors that they had to pay safe passage money, or the "troll fee," as he called it, in locations in the south between Kandahar and Helmand and going up Highway 1 between Kandahar and Ghazni. He wanted to investigate what was happening on the roads but was unable to get the authorization necessary to travel to those areas because it was too dangerous. Lieutenant Colonel Lewis also said that he asked contractors to document these payments to spur further military action to correct the issue, but that he never received the hard evidence that he needed to take operational action.²³⁶

A contracting officer who was not present at the July 2009 contracting monthly meeting in which the contractors shared their concerns was nonetheless aware of the allegations that contractors were being extorted and paying protection fees. He stated that contractors came to him with reports of "various shakedown payments" that they had to make to the ANA, ANP, village elders, militia groups, and others.²³⁷ The contracting officer sent an e-mail to Colonel Cottrell to share his concern: "travelling to certain FOBs requires that [the contractors] either pay a 'protection fee/toll,' hire the local elder to escort them, or take a very round about route."²³⁸

Further up the chain of command, one senior Department of Defense official in Afghanistan stated that there have been significant discussions within the Department of the problem of protection payments to local warlords and the Taliban, but no action has been taken: "there is no change on the horizon. We keep punting the issue down the road. It would require a major shock to the system to change the HNT business model." In his view, the contracting officers with responsibility for the contract "intentionally turn a blind eye to the problem and refuse to look past the prime [contractor] to see how the security subcontractors operate – hear no evil, see no evil, speak no evil."²³⁹

In response to an early story on protection payments going to insurgents, Colonel Wayne Shanks, the chief public affairs officer for ISAF, acknowledged that military officials were "aware of the allegations that procurement funds may find their way into the hands of insurgent groups, but we do not directly support or condone this activity if it is occurring." Colonel Shanks added that, "the relationships between contractors and their subcontractors, as well as between subcontractors and others in their operational communities, are not entirely transparent."²⁴⁰

The sheer size of the HNT contract and the critical importance of the supply chain did not prompt the Department of Defense to devote the necessary resources to gain visibility over the trucking operations and private security contractors. Apparently, direct allegations of payments to insurgent groups were not enough either.

Contractors Warned the Armed Contractor Oversight Directorate

In another plea for help, several representatives of one HNT contractor met with civilian and military representatives of ACOD at Camp Eggers in September 2009.²⁴¹ In the meeting, the representatives told ACOD that it had to pay “fees” to pass through Taliban-controlled areas.²⁴²

4 September, 2009

Notes on Meeting with ACOD

and I told them of the problems we have transiting Trucks into some of the more remote areas and the fact that most all of the areas are controlled by Taliban, or Tribal warlords, and we have to pay fees to transit those trucks through those areas. I had to inform them that by doing so, we would be directly supporting Afghan warlords, and Taliban that are supporting the insurgency against U.S. Forces. I argued that I was not prepared now, or at any time to assist in this bribery game to sustain warlords operating lawlessly in Afghanistan, and to do so will effectively undermine the efforts the U.S. Military in creating a stable Government able to exert its authority to these far outlying areas.

The country manager clearly recalled the meeting. The principal purpose for approaching ACOD was to further discuss the request for “up-arming” authority that had been raised with the 484th. The country manager told ACOD that his company had to make protection payments if it could not have up-arming authority to provide sufficient weaponry to its own security force. He recalled that ACOD was “stunned” and agreed to take this information up the chain of command.²⁴³

The former director of ACOD recalled having several meetings with HNT contractors where they told him that they were paying “warlords, insurgents, Taliban, ANA, ANP, everyone” for safe passage at “checkpoints” along the roads. He said that such protection payments were a common topic of concern

The former director of ACOD recalled having several meetings with HNT contractors where they told him that they were paying “warlords, insurgents, Taliban, ANA, ANP, everyone” for safe passage at “checkpoints” along the roads.

and discussion at ACOD. He did not know anything about how the “checkpoints” might work because ACOD lacked significant visibility into the private security contractors protecting the supply chain.²⁴⁴

The former director of ACOD stated that he relayed these conversations about safe passage payments up the chain of command within U.S. Forces-Afghanistan. The former director refused to specifically identify the names of senior commanders with whom he discussed his concerns, but ACOD reports directly to the Deputy Commanding General for U.S. Forces-Afghanistan, a position held by Major General John MacDonald since February 2009. Earlier in the interview, the former director had stated that he provided Major General MacDonald with weekly updates regarding ACOD, oversight issues, and the concerns raised by contractors. The former director believed that U.S. Forces-Afghanistan had taken some steps to mitigate these protection payment issues, though he did not view the actions taken as sufficient to address the problems the contractors had identified.²⁴⁵

In December 2009, when ACOD’s leadership changed, concerns regarding protection payments were still on its radar. ACOD’s weekly activity report dated December 11, 2009 states that PSCs were using “illicit pay-off strategies ... for safe passage” and were funding “warlords”:²⁴⁶



08 Dec 09. Weekly Minister of Interior (MOI) movement meeting. ACOD discussed goal of increasing the capabilities of the ANP to the extent that PSCs will not be necessary. COL Haidary (MOI’s Chief of Current Operations) agreed that increased ANP security support would benefit all and assist in eliminating corruption of PSCs. Col Le noted that another advantage of utilizing ANA/ANP was the ability to secure safe passage without interference (financially or otherwise) from warlords. COL Haidary was receptive to arranging further discussions with MOD and increasing cooperative arrangements for securing convoys.

ACOD received ANP’s commitment to carve out a dedicated level of security support exclusively for Host Nations Trucking (HNT) convoys. Col Haidary informed Col Le that he has obtained approval from the Dep Minister for National Security to support HNT operations. Although with very limited capability, ANP Trans Battalion is willing to schedule a routine, pre-determined,

pre-scheduled, short duration mission for HNT. This commitment reflects ANP's view toward the corrupted actions and illicit pay-off strategies currently used by the PSCs for safe passage. ANP's cooperation illustrates Mol's pressure in working to reduce PSC operations within two years as directed by Pres Karzai. ACOD in coordination with Mol mentors and 484th members will propose a concept of operation using ANP to support HNT.

Shortly thereafter, a senior officer with ACOD requested a meeting of military officials in order “to gain systemic visibility and understand of how convoys from HNT can be transferred to [the Afghan National Army]. This is a core competency of the counterinsurgency fight against funding warlords and needs to be done asap.”²⁴⁷

Both Colonel Le, the sitting Director of ACOD, and Colonel Cottrell, the PARC-A, acknowledged that they had heard reports regarding alleged protection payments and that they had no visibility into the operations of the HNT security providers.²⁴⁸ They did not view this as a major cause for concern and they emphasized that the prime contractor was responsible for security, that the HNT contractors were very effective at getting critical supplies to difficult locations, and that there were few if any alternative means of delivery.²⁴⁹

Criminal Investigation into Allegations that the HNT Contract Funds Insurgents

In July 2009, two months after the start of the HNT contract, investigators from the Criminal Investigation Task Force-Afghanistan (CITF-A), working under the authority of the Army Criminal Investigation Command (CID), arranged to interview HNT contractor representatives about alleged protection payments going to the insurgency.²⁵⁰

The contractor representatives agreed that investigators were well informed about the contractors' concerns regarding protection payments for safe passage. One representative stated that he told the investigators that he was concerned that a subcontractor for his company was making protection payments to warlords and insurgents, and that the investigators asked for the names of his subcontractors.²⁵¹ Another representative said that the investigators asked him about allegations of “extortion money.”²⁵² A representative of the same company recalled telling investigators that his company was being extorted, and if his company did not pay specific private security providers, he believed that his trucks would be attacked.²⁵³

These contractors stated that they never received any follow-up or heard about the results of the CITF-A investigation.²⁵⁴ One contractor interviewed by investigators attempted to follow up several months later in an e-mail to the contracting officer but never received a response.²⁵⁵ The investigators told Lieutenant Colonel Elwell that they were investigating contractors paying “people they shouldn't be paying... [and] unauthorized payments from contractors to people out there to not have them attack.” He was unaware of any follow-up.²⁵⁶

Later in 2009, a contracting officer mentioned the investigation in an e-mail to his successor in response to an article alleging protection payments to the Taliban by HNT contractors.²⁵⁷

You're almost done buddy, and these issues ain't on us. We had the FBI, CIA, CID and 3 or 4 other acronym agencies in the office to work this topic. You remember that one meeting were [sic] they talked to the companies "individually." ... guess nothing good came of that.²⁵⁸

A document highly relevant to this investigation 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.

Task Force 2010

In June 2010, Michèle Flournoy, Under Secretary of Defense for Policy, and General David Petraeus, the CENTCOM Commander, informed the Senate Armed Services Committee that General Petraeus and Admiral Mike Mullen, Chairman of the Joint Chiefs of Staff, are creating a task force to examine the impact of U.S. contracting on corruption in Afghanistan.²⁵⁹ Task Force 2010 will be led by the former head of the military Joint Contracting Command in Baghdad, a two-star Navy Admiral, and will report to General McChrystal.²⁶⁰ In his testimony on the subject, General Petraeus stated that:

[Task Force 2010] will go in and augment the Contracting Command that oversees this effort in Afghanistan and then gets at who are, not only the subcontractors, but the subcontractors to the subcontractors. Literally, where is the money going, and is it all above-board, and that's a hugely important component of dealing again with corruption issues, dealing with warlordism, and a variety of other challenges that cause issues for Afghanistan.²⁶¹

The establishment of Task Force 2010 shows that the Department of Defense is well aware, at the highest levels, of concerns that U.S. contractors are funding warlordism and corruption in Afghanistan.