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House nixes wartime profiteering

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By Sean Lengell - The House yesterday approved a measure to crack down on contractors that defraud the U.S. government while doing business in Iraq.

The War Profiteering Prevention Act of 2007, which passed 375-3, would criminalize bid rigging, contract fraud and overcharging for goods and services during a time of war, military action or reconstruction effort.

Anti-fraud laws that protect against the waste or theft of U.S. tax dollars currently don't specifically apply to U.S. companies overseas, said the bill's author, Rep. Neil Abercrombie, Hawaii Democrat.

The U.S. government "has outsourced the war in Iraq like no other in history, spending more than \$50 billion on private contractors to provide food, water, gasoline and other supplies, guard bases, drive trucks and many other activities in support of our troops," he said. "Some of these contractors have declared the U.S. occupation of Iraq 'open season' on the American taxpayer."

Mr. Abercrombie said one U.S. contractor working overseas was found guilty of 37 counts of fraud and ordered to pay more than \$10 million in damages. But the decision was overturned because U.S. laws didn't apply.

Rep. Ric Keller, Florida Republican, said fraud schemes by contractors working overseas undermine national security and harm the country's global war against terrorism.

"Those bad apples who defraud the American taxpayer must be held accountable, regardless of whether the sleazy, fraudulent practice occurred in the United States, Afghanistan or Iraq," he said.

Rep. Thomas M. Davis III, Virginia Republican, opposed the measure because he said it would have "disastrous though unintended consequences" and make it more difficult to recruit contractors to work in Iraq.

Mr. Davis added that the measure would allow Democrats and prosecutors to take "political potshots" at contractors.

"Hundreds of contractor lives have been lost over in Iraq, and widows and the mothers of these sons and daughters that have been killed in Iraq would be chagrined to hear their sons referred to as 'profiteers,' " he said.

But House Armed Services Committee Chairman Ike Skelton, Missouri Democrat, said the bill simply would close loopholes in U.S. laws.

"Defrauding the American taxpayer should be a felony," Mr. Skelton said. "The bill does the right thing."

Violators would face criminal felony charges punishable by up to 20 years in prison and fines of up to \$1 million, or twice the illegal profits of the crime.

Jurisdiction for such cases, no matter where the accused crimes were committed, would be in U.S. federal court.

The bill also would prohibit fraud against a "provisional authority," such as the former Coalition Provisional Authority that ruled Iraq after major combat operations ended in 2003.