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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

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March 14, 2011

Harold W. Geisel
Deputy Inspector General
U.S. Department of State
Office of Inspector General
2201 C Street, NW
Washington, DC 20522-0308

Dear Ambassador Geisel:

I am writing to request that you initiate an investigation into the State Department's award of contracts for guard services at U.S. embassies, including the U.S. Embassy in Kabul, Afghanistan.

On June 10, 2009, the Subcommittee on Contracting Oversight held a hearing examining a contract for guard services performed at the U.S. Embassy in Kabul by the contractor ArmorGroup North America, Inc. (AGNA), now owned and controlled by G4S/Wackenhut Services, Inc. The hearing reviewed potential contractor violations, including internal State Department documents finding that AGNA's inadequate performance of the contract had placed the security of the Embassy "in jeopardy."¹

In September 2009, I sent a letter to the State Department's Under Secretary for Management, Patrick Kennedy, raising additional concerns about AGNA's performance, including troubling allegations regarding guard shortages, hazing, alcohol abuse, and misuse of government property by AGNA employees in Kabul.² Both the hearing and these subsequent allegations raised serious questions regarding the State Department's management and oversight of private security contractors at the U.S. Embassy in Kabul.

In December 2009, the State Department advised AGNA that it would not be exercising the Department's option to extend AGNA's contract for an additional year.³ On March 1, 2010, in response to my questions about the State Department's handling of the Kabul Embassy guard contract, Ambassador Boswell assured me that the State Department had taken "swift action" to investigate the allegations of misconduct by the AGNA guards. He continued:

¹ Letter from James S. (Steve) Rogers, Senior Contracting Officer, U.S. Department of State, to AGNA President Karl Semancik (July 19, 2007) (incorrectly dated June 19, 2007).

² Letter from Chairman McCaskill to Patrick F. Kennedy, Under Secretary for Management, U. S. Department of State (Sept. 1, 2009).

³ E-mail from Department of State Bureau of Legislative Affairs to Senate Homeland Security and Governmental Affairs, Subcommittee on Contracting Oversight Staff (Dec. 7, 2009).

The results of a senior-level Department review of the circumstances and investigative findings, combined with AGNA's history of contract compliance deficiencies, led [the Department] to conclude that it was in the best interest of the Government to compete a new contract.⁴

On September 30, 2010, the State Department awarded a contract to EOD Technology, Inc. (EODT) to replace AGNA as the contractor for guard services at the Kabul Embassy. The contract, which is valued at \$273 million over the next five years, was awarded as a task order under the Department's Worldwide Protective Services (WPS) umbrella contract.⁵ The WPS umbrella contract was awarded on September 29, 2010 to eight contractors, including EODT, each of whom is guaranteed to receive contracts worth at least \$5,000 under the contract, which can reach a maximum of \$10 billion.⁶ The WPS umbrella contract will allow multiple IDIQ contract task orders for personal, static, and emergency guard services worldwide, including in Afghanistan, Iraq, and Jerusalem.⁷

Based on information released by the Senate Armed Services Committee, I have serious concerns regarding the State Department's award of the WPS contract and subsequent task orders to EODT. The Committee's report found multiple examples of private security contractors working for the Defense Department who funneled U.S. taxpayer dollars to Afghan warlords. The Committee also found that the performance of EODT and other private security contractors was so inadequate that their failures "directly affect the safety of U.S. military personnel."⁸

The Committee also detailed evidence of serious misconduct by EODT in Afghanistan, including:

⁴ Ambassador Eric Boswell Response to Senator Claire McCaskill Questions for the Record, Homeland Security and Governmental Affairs Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia hearing, *The Diplomat's Shield: Diplomatic Security in Today's World* (Dec. 9, 2009), submitted March 1, 2010.

⁵ EOD Technology, Inc. Task Order IDV PIID : PIID SAQMMA10D0096 : SAQMMA10F5213, Online at www.USASpending.gov (accessed Feb. 22, 2011).

⁶ E-mail from Department of State Bureau of Legislative Affairs to Senate Homeland Security and Governmental Affairs, Subcommittee on Contracting Oversight Staff (Sept. 29, 2010). The other seven contractors are : Aegis Defense Services, LLC; DynCorp International, LLC; Global Strategies Group (Integrated Security), Inc; International Development Solutions, LLC; SOC, LLC; Torres International Services, LLC; and Triple Canopy, Inc. *Id.* One of the WPS awardees, International Development Solutions, appears to be a joint venture between Kaseman and U.S. Training Center, an affiliate of Xe Services, formerly known as Blackwater. *See Exclusive: Blackwater Wins Piece of \$10 Billion Mercenary Deal*, Danger Room (Oct. 1, 2010). The Subcommittee has been unable to verify whether the State Department was aware of the affiliation with Blackwater prior to the award of the WPS contract.

⁷ *See* FedBizOpps.gov (online at https://www.fbo.gov/index?s=opportunity&mode=form&tab=core&id=510481d9cc6330df06af3decbed1696a&_cview=0) (accessed March 7, 2011).

⁸ U.S. Senate Committee on Armed Services, *Report: Inquiry Into the Role and Oversight of Private Security Contractors in Afghanistan* (Sept. 28, 2010).

- Relying on local Taliban warlords to provide guards and, in some cases weapons, for use on EODT's contracts;
- Failing to adequately investigate guards' previous employment, which resulted in the company's hiring individuals who had previously been fired for sharing sensitive security information with Taliban warlords; and
- Failure to appropriately vet guards, some of whom, according to U.S. intelligence reports, may have been involved in anti-American activities.⁹

It is unclear whether the State Department was aware of EODT's past performance on other private security contracts prior to its award of the Kabul Embassy security contract. However, the award of the contract to EODT, particularly given the Department's difficulties with managing the AGNA contract, raises serious concerns regarding the Department's evaluation of contractors. As a result, I request that you investigate the State Department's review of contractor past performance prior to the award of the WPS contract and the Kabul Embassy task order, including whether the Department reviewed information from the Defense Department or the incidents discussed in the Senate Armed Services Committee report.

The jurisdiction of the Subcommittee on Contracting Oversight is set forth in Senate Rule XXV clause 1(k); Senate Resolution 445 section 101 (108th Congress); and Senate Resolution 73 (111th Congress).

I appreciate your assistance. Please contact Alan Kahn with the Subcommittee staff at (202) 224-3230 with any questions. Please send any official correspondence relating to this request to kelsey_stroud@hsgac.senate.gov.

Sincerely,



Claire McCaskill
Chairman
Subcommittee on Contracting Oversight

cc: Rob Portman
Ranking Member

⁹ *Id.*