

PRIVATE MILITARY COMPANIES

Facts & FAQs



**A FREEBOOK by
Laurent Joachim**

FORWORD

After having started the Webpage www.private-military.de dedicated to my PhD, I had to face a fairly high demand for further information concerning the topic "New Mercenaries" or "Private Military Companies" aka. "Private Security Companies". This FREEBOOK aims to address this demand. It should bring **basic knowledge (only)** to people wanting a quick and sound overview of the topic without having time to research pieces of information disseminated through the Internet.

It was chosen to use exclusively open and public domain content i.e. Wikipedia articles, so the content of this FREEBOOK can be used, passed on and edited without restriction.

Further information about this topic can be found in my PhD.

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THE FULL STORY IN ALL GOOD BOOKSTORES NEAR YOU AND ON AMAZON

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im modernen Conflict.
Ein Werkzeug für neue Kriege?
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THE FULL STORY IN ALL GOOD BOOKSTORES NEAR YOU AND ON AMAZON

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1 Definitions

1.1 Mercenaries

A mercenary is a professional soldier hired by a foreign army, as opposed to a soldier enlisted in the armed forces of the sovereign state of which he is a citizen. He takes part in armed conflict on many different scales, and is "motivated to take part in the hostilities essentially by the desire for private gain and, in fact, is promised, by or on behalf of a party to the conflict, material compensation substantially in excess of that promised or paid to combatants of similar ranks and functions in the armed forces of that Party" (Additional Protocol I to the Geneva Convention of August 1949). A non-conscript professional member of a regular army is not considered to be a mercenary, even though he gets remuneration for his service.

As a result of the assumption that a mercenary is essentially motivated by money, the term "mercenary" usually carries negative connotations, though that can be a compliment in some contexts. There is a blur in the distinction between a "mercenary" and a "foreign volunteer," when the primary motive of a soldier in a foreign army is uncertain. The better-known combat units in which foreign nationals serve in another country's armed forces are the Gurkha regiments of the British and Indian armies, and the French Foreign Legion. Gurkhas, and other foreign nationals recruited from Commonwealth of Nations in the British Army swear allegiance to the British monarch, operate in formed units of the British Army and abide the rules and regulations under which all British soldiers serve; similar rules apply to Gurkhas of the Indian Army. French Foreign Legionnaires are formed units of the French Foreign Legion, which deploys and fights as an organized unit of the French Army. This means that as members of the armed forces of Britain, India, and France these soldiers are not mercenaries under the laws of war, since although they may meet many of the requirements of Article 47 of the 1949 Additional Protocol (1997) I, they are exempt under clause 47(c) (as they are not "promised ... material compensation substantially in excess of that promised or paid to combatants of similar ranks and functions in the armed forces of that Party to the conflict") and clause 47(d) (as they are "a member of the armed forces of a Party to the conflict") as well as per Art 47.e and Art 47.f.; some journalists describe them commonly as mercenaries regardless.

Private paramilitary forces are functionally mercenary armies, not security guards or advisors; however, national governments reserve the right to control the number, nature, and armaments of such private armies, arguing that, provided they are not pro-actively employed in front-line combat, they are not mercenaries.

1.2 Private Military Companies (PMCs)

The private military company (PMC) is the contemporary strand of the mercenary trade, providing logistics, soldiers, military training, and other services. Thus, PMC contractors are civilians (in governmental, international, and civil organizations) authorized to accompany an army to the field; hence, the term *civilian contractor*. Nevertheless, PMCs may use armed force, hence defined as: "legally established enterprises that make a profit, by either providing services involving the potential exercise of [armed] force in a systematic way and by military means, and/or by the transfer of that potential to clients through training and other practices, such as logistics support, equipment procurement, and intelligence gathering".

A Private Military Company (PMC) provides specialized expertise or services of a military nature. The hiring of professional soldiers is a common practice throughout history. Though these soldiers were once known as mercenaries, such companies prefer to be known as Private Military Contractors, Private Security Contractors (PSCs), Private Military Corporations, Private Military Firms (PMFs) or Private Security Companies (PSCs), or Military Service Providers, and generally the business is referred to as the Private Military Industry, in order to avoid the negative stigma often associated with mercenaries.

PMCs are also known as *security contractors*, although this term usually refers to individuals employed or contracted by PMCs. Services are mainly rendered for other business corporations,

international and non-governmental organizations, and state forces. Private military companies are sometimes grouped into the general category of defense contractors. However, most defense contractors supply specialized hardware and perhaps also personnel to support and service that hardware, whereas PMCs supply personnel with specialized operational and tactical skills, which often include combat experience.

The services and expertise cover those typically found in governmental military or police forces, but most often on a smaller scale. While PMCs often provide services to train or supplement official armed forces in service of governments, they are also employed by private firms.

The United States State Department employs several companies to provide support in danger zones that would be difficult for conventional US forces. The military employs many of them as guards to high ranking US government officials in high risk areas all around the world. The term most often refers to US firms that provide services for the Pentagon and indirectly assist in overseas theaters of operation. Some contractors have served in advisory roles that help train local militaries to fight more effectively instead of intervening directly. Much of the peacekeeper training the United States provides to African militaries is done by private firms, and with the increasing absence of Western military support to international peace operations, the private sector is commonly utilized to provide services to peace and stability operations from Haiti to Darfur.

In 2004 the PMC business was boosted, because the US and Coalition governments hired them for security in Iraq. In March 2004, four Blackwater USA employees escorting food supplies and other equipment were attacked and killed in Fallujah, in a videotaped attack; the killings and subsequent dismemberment were a cause for the First Battle of Fallujah. Afghan war operations also boosted the business.

PMCs supply support to US military bases throughout the Persian Gulf, from operating mess halls to providing security. They supply armed guards at a US Army base in Qatar, and they use live ammunition to train soldiers at Camp Doha in Kuwait. They maintain an array of weapons systems vital to an invasion of Iraq. They also provide bodyguards for VIPs, guard installations, and escort supply convoys from Kuwait. All these resources are called upon constantly due to the operations in Iraq and Afghanistan. US Private Military Companies supply for example bodyguards for the Afghan president Hamid Karzai and pilot armed reconnaissance planes and helicopter gunships as part of Plan Colombia. Some of them are licensed by the United States Department of State and contracting with foreign governments, training soldiers and reorganizing militaries in Nigeria, Bulgaria, Taiwan, and Equatorial Guinea.

The Center for Public Integrity reported that since 1994, the Defense Department entered into 3,601 contracts worth \$300 billion with 12 US based PMCs. Some view this as an inevitable cost cutting measure and responsible privatization of critical aspects of a military. However, many feel this is a troubling trend, since these private companies are not directly accountable to a legislative body and may cost more than providing the same functions within the military. Seventeen of the nation's leading private military firms have contributed \$12.4 million in congressional and presidential campaigns since 1999. The PMC industry is now generally estimated to be worth over \$100 billion a year.

1.3 Laws of war

A) Geneva Convention

The Protocol Additional GC 1977 (APGC77) provides the most widely accepted international definition of a mercenary, though not endorsed by some countries, including the United States. The Protocol Additional to the Geneva Conventions of 12 August 1949, and relating to the Protection of Victims of International Armed Conflicts, (Protocol I), 8 June 1977 states:

Art 47. Mercenaries

1. A mercenary shall not have the right to be a combatant or a prisoner of war.
2. A mercenary is any person who:
 - (a) is especially recruited locally or abroad in order to fight in an armed conflict;
 - (b) does, in fact, take a direct part in the hostilities;
 - (c) is motivated to take part in the hostilities essentially by the desire for private gain and, in fact, is promised, by or on behalf of a Party to the conflict, material compensation substantially in excess of that promised or paid to combatants of similar ranks and functions in the armed forces of that Party;
 - (d) is neither a national of a Party to the conflict nor a resident of territory controlled by a Party to the conflict;
 - (e) is not a member of the armed forces of a Party to the conflict; and
 - (f) has not been sent by a State which is not a Party to the conflict on official duty as a member of its armed forces.

All the criteria (a – f) must be met, according to the Geneva Convention, for a combatant to be described as a mercenary.

According to the GC III, a captured soldier must be treated as a lawful combatant and, therefore, as a protected person with prisoner-of-war status until facing a competent tribunal (GC III Art 5). That tribunal, using criteria in APGC77 or some equivalent domestic law, may decide that the soldier is a mercenary. At that juncture, the mercenary soldier becomes an unlawful combatant but still must be "treated with humanity and, in case of trial, shall not be deprived of the rights of fair and regular trial", being still covered by GC IV Art 5. The only possible exception to GC IV Art 5 is when he is a national of the authority imprisoning him, in which case he would not be a mercenary soldier as defined in APGC77 Art 47.d.

If, after a regular trial, a captured soldier is found to be a mercenary, then he can expect treatment as a common criminal and may face execution. As mercenary soldiers may not qualify as PoWs, they cannot expect repatriation at war's end. The best known post-World-War-II example of this was on June 28, 1976 when, at the end of the Luanda Trial' an Angolan court sentenced three Britons and an American to death, and nine other mercenaries to prison terms ranging from 16 to 30 years. The four mercenaries sentenced to death were shot by a firing squad on July 10, 1976.

The legal status of civilian contractors depends upon the nature of their work and their nationalities with respect to that of the combatants. If they have not "in fact, taken a direct part in the hostilities" (APGC77 Art 47.b), they are not mercenaries but civilians who have non-combat support roles and are entitled to protection under the Third Geneva Convention (GCIII 4.1.4) but Contractors who use offensive force in a war zone could be considered unlawful combatants, thereby referring to the "concept" being implicitly mentioned in the Geneva Conventions and explicitly specified by the US Military Commissions Act.

On 4 December 1989 the United Nations passed resolution 44/34, the International Convention against the Recruitment, Use, Financing and Training of Mercenaries. It entered into force on 20 October 2001 and is usually known as the UN Mercenary Convention. Article 1 contains the definition of a mercenary. Article 1.1 is similar to Article 47 of Protocol I, however Article 1.2 broadens the definition to include a non-national recruited to overthrow a "Government or otherwise undermining the constitutional order of a State; or Undermin[e] the territorial integrity of a State;" and "Is motivated to

take part therein essentially by the desire for significant private gain and is prompted by the promise or payment of material compensation..." — under Article 1.2 a person does not have to take a direct part in the hostilities in a planned *coup d'état* to be a mercenary.

Critics have argued that the convention and APGC77 Art. 47 are designed to cover the activities of mercenaries in post-colonial Africa and do not address adequately the use of private military companies (PMCs) by sovereign states.

The situation during the Iraq War and the continuing occupation of Iraq after the United Nations Security Council sanctioned hand-over of power to the Iraqi government shows the difficulty of defining a mercenary soldier. While the United States governed Iraq, no US citizen working as an armed guard could be classified as a mercenary, because he was a national of a Party to the conflict (APGC77 Art 47.d). With the hand-over of power to the Iraqi government, if one does not consider the coalition forces to be continuing parties to the conflict in Iraq, but that their soldiers are sent by a State which is not a Party to the conflict on official duty as a member of its armed forces (APGC77 Art 47.f), then, unless US citizens working as armed guards are lawfully certified residents of Iraq, i.e., a resident of territory controlled by a Party to the conflict (APGC77 Art 47.d), and they are involved in a fire-fight in the continuing conflict, they are mercenary soldiers. However, those who acknowledge the United States and other coalition forces as continuing parties to the conflict might insist that US armed guards cannot be called mercenaries (APGC77 Art 47.d).

The 1949 Third Geneva Convention (GCIII) does not recognize the difference between defense contractors and PMCs; it defines a category called *supply contractors*. If the supply contractor has been issued with a valid identity card from the armed forces which they accompany, they are entitled to be treated as prisoners of war upon capture (GCIII Article 4.1.4). If, however, the contractor engages in combat, he/she can be classified as a mercenary by the captors under the 1977 *Protocol I Additional to the Geneva Conventions* (Protocol I) Article 47.c, unless falling under an exemption to this clause in Article 47. If captured contractors are found to be mercenaries, they are unlawful combatants and lose the right to prisoner of war status. Protocol I was not ratified by the United States because, among other issues, it does not require "freedom fighters" to obey the convention in order to be granted its protections.

There are efforts by the nations and the industry itself to better regulate the duties of contracting states and the rights of the companies and their workforce. For example, there is an initiative by the Red Cross, the non-binding Montreux Document, or the IPOA code of conduct.

B) United Nations Mercenary Convention

At the 72nd plenary meeting on 4 December 1989 the United Nations General Assembly passed resolution 44/34, the International Convention against the Recruitment, Use, Financing and Training of Mercenaries. It entered into force on 20 October 2001 and is usually known as the UN Mercenary Convention.

Article 1 of the Convention has the following definition of a mercenary:

1. A mercenary is any person who:
 - (a) Is specially recruited locally or abroad in order to fight in an armed conflict;
 - (b) Is motivated to take part in the hostilities essentially by the desire for private gain and, in fact, is promised, by or on behalf of a party to the conflict, material compensation substantially in excess of that promised or paid to combatants of similar rank and functions in the armed forces of that party;

- (c) Is neither a national of a party to the conflict nor a resident of territory controlled by a party to the conflict;
- (d) Is not a member of the armed forces of a party to the conflict; and
- (e) Has not been sent by a State which is not a party to the conflict on official duty as a member of its armed forces.

2. A mercenary is also any person who, in any other situation:

- (a) Is specially recruited locally or abroad for the purpose of participating in a concerted act of violence aimed at:
 - (i) Overthrowing a Government or otherwise undermining the constitutional order of a State; or
 - (ii) Undermining the territorial integrity of a State;
- (b) Is motivated to take part therein essentially by the desire for significant private gain and is prompted by the promise or payment of material compensation;
- (c) Is neither a national nor a resident of the State against which such an act is directed; (d) Has not been sent by a State on official duty; and
- (e) Is not a member of the armed forces of the State on whose territory the act is undertaken.

One time Judge Advocate Todds S. Milliard has argued that the convention and Article 47 of *Protocol Additional to the Geneva Conventions of 12 August 1949, and relating to the Protection of Victims of International Armed Conflicts* (Protocol I) are designed to cover the activities of mercenaries in post colonial Africa, and do not address adequately the use of *private military companies* by sovereign states.

1.4 National laws

The laws of some countries forbid their citizens to fight in foreign wars unless they are under the control of their own national armed forces.

A) South Africa

In 1998 South Africa passed the "Foreign Military Assistance Act" that banned citizens and residents from any involvement in foreign wars, except in humanitarian operations, unless a government committee approved its deployment. In 2005, the legislation was reviewed by the government because of South African citizens working as security guards in Iraq during the American Iraq occupation and the consequences of the mercenary soldier sponsorship case against Mark Thatcher for the "possible funding and logistical assistance in relation to an alleged attempted coup in Equatorial Guinea" organized by Simon Mann.

B) France

In 2003, France criminalized mercenary activities, as defined by the protocol to the Geneva Convention for French citizens, permanent residents and legal entities. (Penal Code, L436-1, L436-2, L436-3, L436-4, L436-5).

C) United Kingdom

The United Kingdom of Great Britain passed the Foreign Enlistment Act in the late eighteenth century, making it illegal for British subjects to join the armed forces of any state warring with another state at peace with Great Britain. In the Greek War of Independence, British volunteers fought with the Greek rebels, which could have been illegal; it was unclear whether or not the Greek rebels were a "state" per the Foreign Enlistment Act, but the law was clarified, saying that the rebels were a state. The government considered using the Act against British subjects fighting for the International Brigade in the Spanish Civil War and the FNLA in the Angolan Civil War; nothing happened.

D) United States

The Anti-Pinkerton Act of 1893 (5 USC. § 3108) forbade the US Government from using Pinkerton National Detective Agency employees, or similar private police companies. In 1977, the US Fifth Circuit Court of Appeals interpreted this statute as forbidding the US Government's employing companies offering *mercenary, quasi-military forces* for hire. United States ex rel. *Weinberger v. Equifax*, 557 F.2d 456, 462 (5th Cir. 1977), cert. denied, 434 US 1035 (1978). There is a disagreement over whether or not this proscription is limited to the use of such forces as strike-breakers, because it is stated thus:

The purpose of the Act and the legislative history reveal that an organization was "similar" to the Pinkerton Detective Agency only if it offered for hire mercenary, quasi-military forces as strike-breakers and armed guards. It had the secondary effect of deterring any other organization from providing such services lest it be branded a "similar organization." The legislative history supports this view and no other.

In the June 7, 1978 Letter to the Heads of Federal Departments and Agencies, the Comptroller General interpreted this decision in a way that carved out an exemption for "Guard and Protective Services". A US Department of Defense interim rule (effective 16 June 2006) revises DoD Instruction 3020.41 to authorize contractors, other than private security contractors, to use deadly force against enemy armed forces only in self-defense. 71 Fed. Reg. 34826. Per that interim rule, private security contractors are authorized to use deadly force when protecting their client's assets and persons, consistent with their contract's mission statement. (One interpretation is that this authorizes contractors to engage in combat on behalf of the US Government). It is the combatant commander's responsibility to ensure that private security contract mission statements do not authorize performance of inherently Governmental military functions, i.e. pre-emptive attacks or assaults or raids, et cetera.

Otherwise, civilians with US Armed Forces lose their law of war protection from direct attack, if and for such time as they directly participate in hostilities. On 18 August 2006, the US Comptroller General rejected bid protest arguments that US Army contracts violated the Anti-Pinkerton Act by requiring that contractors provide armed convoy escort vehicles and labor, weapons, and equipment for internal security operations at Victory Base Complex, Iraq. The Comptroller General reasoned the act was unviolated, because the contracts did not require contractors to provide quasi-military forces as strike-breakers. Yet, on 1 June 2007, the Washington Post reported: "A federal judge yesterday ordered the military to temporarily refrain from awarding the largest security contract in Iraq. The order followed an unusual series of events set off when a US Army veteran, Brian X. Scott, filed a protest against the government practice of hiring what he calls mercenaries, according to sources familiar with the matter." Though Scott had filed the protest at the Court of Federal Claims, the court order was the result of other bidders intervening in the case. Scott did not submit a bid, however, when the bidders who did submit a bid tried to protest at GAO, their GAO bid protests were dismissed due to the fact that Scott had filed a case at the court and deprived GAO of further jurisdiction in the matter. Scott's case had been dismissed at GAO and was eventually dismissed at the court. The court order was in response to one of the legitimate contractors and Brian X. Scott had no role in obtaining that order. The contract, worth about \$400 million, calls for a private company to provide intelligence services to the US Army and security for the Army Corps of Engineers on reconstruction work in Iraq. The case, which is being heard by the US Court of Federal Claims, puts on trial one of the most controversial and least understood aspects of the Iraq war: the outsourcing of military security to an estimated 20,000 armed contractors.

Another issue of concern has been the recent high-profile operation of various PMCs within the United States, specifically during the initial response after Hurricane Katrina in New Orleans. Supporters are quick to point out the stabilizing influence that the operators of these companies put into place in the first few days provided, whereas detractors have levied claims of abuse and unlawful activities. Neither side has provided much proof to back their claims, however, beyond anecdotal evidence.

Domestic operations are generally under the auspice of state or federal agencies such as the Department of Energy or the Department of Homeland Security rather than the Department of Defense. Driven by increasingly greater fears of domestic terror attacks and civil unrest and disruption in the wake of disasters, more conventional security companies are moving into operations arenas that would fall within the definition of a PMC.

US administration policy on PMCs

On December 5, 2005, US Secretary of Defense Donald Rumsfeld held a lecture dubbed "The Future of Iraq" at Johns Hopkins Paul H. Nitze School of Advanced International Studies. During a Q&A session afterwards he was asked a question by graduate student Kate Turner regarding PMCs.

Turner: "There are currently thousands of private military contractors in Iraq and you were just speaking of rules of engagement in regards to Iraqi personnel and US personnel. Could you speak to, since the private contractors are operating outside the Uniform Code of Military Justice, can you speak to what law or rules of engagement do govern their behavior and whether there has been any study showing that it is cost effective to have them in Iraq rather than US military personnel. Thank you."

Rumsfeld: "Thank you. It is clearly cost-effective to have contractors for a variety of things that military people need not do, and that for whatever reason other civilians, government people, cannot be deployed to do. There are a lot of contractors, a growing number. They come from our country but they come from all countries, and indeed sometimes the contracts are from our country or another country and they employ people from totally different countries including Iraqis and people from neighboring nations. And there are a lot of them. It's a growing number. Of course we've got to begin with the fact that, as you point out, they're not subject to the Uniform Code of Military Justice. We understand that. There are laws that govern the behavior of Americans in that country. The Department of Justice oversees that. There is an issue that is current as to the extent to which they can or cannot carry weapons, and that's an issue. It's also an issue, of course, with the Iraqis. But if you think about it, Iraq's a sovereign country. They have their laws and they're going to govern, the UN resolution and the Iraqi laws, as well as US procedures and laws govern behavior in that country depending on who the individual is and what he's doing. But I personally am of the view that there are a lot of things that can be done for a short time basis by contractors that advantage the United States and advantage other countries who also hire contractors, and that any idea that we shouldn't have them I think would be unwise."

New US Law on PMCs

According to the FY2007 Defense Budget appropriation bill, the text of the UCMJ has been amended to allow for prosecution of military contractors who are deployed in a "declared war or a contingency operation."

"SEC. 552. CLARIFICATION OF APPLICATION OF UNIFORM CODE OF MILITARY JUSTICE DURING A TIME OF WAR. Paragraph (10) of section 802(a) of title 10, United States Code (article 2(a) of the Uniform Code of Military Justice), is amended by striking 'war' and inserting 'declared war or a contingency operation'."

Farah Stockman of the *Boston Globe*, (7 January 2007) writes: "Previously, the code applied to "persons serving with or accompanying an armed force in the field" only during a war, which US courts interpreted to mean a war declared by Congress. No such declaration was made in the Iraq conflict. Now, Congress has amended the code to apply to persons accompanying an armed force during a "declared war or contingency operation."

But the provision might also have unintended consequences, if the military chooses to use its new power to court-martial civilians. For instance, the language in the law is so broad that it can be interpreted as saying that embedded journalists and contract employees from foreign countries would also be liable under the military code. Other punishable offenses under the code include disobeying an order, disrespecting an officer, and possession of pornography in a combat zone.

E) Iraq

Currently in Iraq there are thought to be at least 100,000 contractors working directly for the United States Department of Defense which is a tenfold increase in the use of private contractors for military operations since the Persian Gulf War, just over a decade earlier. The prevalence of PMCs has led to the foundation of trade group the Private Security Company Association of Iraq. In Iraq, the issue of accountability, especially in the case of contractors carrying weapons is a sensitive one. Iraqi laws do not hold over contractors. Just before leaving office as head of the Coalition Provisional Authority, Paul Bremer signed Coalition Provisional Authority Order 17 where it is stated that :

Contractors shall not be subject to Iraqi laws or regulations in matters relating to the terms and conditions of their Contracts, including licensing and registering employees, businesses and corporations; provided, however, that Contractors shall comply with such applicable licensing and registration laws and regulations if engaging in business or transactions in Iraq other than Contracts. Notwithstanding any provisions in this Order, Private Security Companies and their employees operating in Iraq must comply with all CPA Orders, Regulations, Memoranda, and any implementing instructions or regulations governing the existence and activities of Private Security Companies in Iraq, including registration and licensing of weapons and firearms.

"Order 17" is giving all Americans associated with the CPA and the American government immunity from Iraqi law. A July 2007 report from the American Congressional Research Service indicates that the Iraqi government still had no authority over private security firms contracted by the US government. The new status-of-forces agreement makes it clear that Contractors are under the jurisdiction of Iraqi law.

1.5 Lobby groups and professional associations

A) International Peace Operations Association

The International Peace Operations Association (IPOA) is a 501(c)(6) non-profit trade association. Founded in April 2001, IPOA was created to support the burgeoning private military industry. Based in

Washington, D.C., IPOA's staff includes President Doug Brooks, Director J.J. Messner, Business Development Manager Jared Lawyer, and others.

The controversial military services contractor Blackwater Worldwide was a member of IPOA until October 2007. Their departure from the private military industry group was apparently spurred by a pending IPOA investigation after several violent, high-profile incidents involving Blackwater in Iraq.

Every member company sits on the IPOA Board of Directors. The Board of Directors sets the annual budget, approves revisions to the Code of Conduct, elects the Executive Committee from member representatives, and makes other major decisions. For day-to-day issues, the IPOA staff works with the Executive Committee. [link to IPOA FAQ on operations](#). Every signatory to the IPOA Code of Conduct pledges to abide by the high ethical standards established therein.

Official Mission Statement

- To promote high operational and ethical standards of firms active in the peace and stability operations industry;
- To engage in a constructive dialogue and advocacy with policy-makers about the growing and positive contribution of these firms to the enhancement of international peace, development and human security;
- To provide unique networking and business development opportunities for its member companies; and
- To inform the concerned public about the activities and role of the industry.

Code of Conduct

IPOA states its commitment to raising the standards of peace and stability operations, to ensure sound and ethical professionalism and transparency in the conduct of peacekeeping and post-conflict reconstruction activities.

All member companies subscribe to the IPOA Code of Conduct, towards better regulating private sector operations in conflict and post-conflict environments. IPOA promotes high standards with intentions both to benefit the industry and to serve the greater causes of peace, development, and human security.

B) Private Security Company Association of Iraq

The Private Security Company Association of Iraq (PSCAI) is a not-for-profit organization formed and maintained to discuss and address matters of mutual interest and concern to the industry conducting private security functions in Iraq. The PSCAI works closely with the Iraqi Government, Coalition governments and Coalition forces to promote transparency, legitimacy, and accountability for the private security company industry.

Consisting of over 40 member companies, the PSCAI is the only active trade group in Iraq focusing on issues related to the private security company (PSC) industry. The PSCAI serves a liaison between the Multi-National Force – Iraq (MNF-I), the Government of Iraq (GoI), the Coalition Governments and its member companies. While primarily an operationally focused organization, the PSCAI does advocate on behalf of the industry internationally. In addition to representing its members in meetings with senior leaders of the United States Government, Coalition Governments and the Government of Iraq to include the Kurdish Regional Government (KRG), the association disseminates information critical to operations in Iraq to all members.

The PSCAI holds monthly Plenary Meetings or when required. Typically, these meetings are attended by member companies operating in Iraq, as well as by representatives of the Iraq Ministry of Interior (Mol)¹, US Embassy Regional Security Office (RSO), Joint Area Support Group Central (JASG-C), Multi-National Force Iraq (MNFI), Multi-National Corp Iraq (MNCI), the MNCI Contractor Operations Center (CONOC), the MNFI Contractor Procedures Oversight Division (CPOD), USAF International Zone Police, Project & Contracting Office (PCO) Logistics, Logistics Movement Control Center (LMCC), and the Joint Contracting Command Iraq and Afghanistan (JCC-IA)."

A small core staff including an appointed Director and Deputy Director lead the association. The remaining leadership of the association is a seven-member Board of Directors serving six-month terms. The Board is elected from representatives of member companies and is responsible for setting overall policy and objectives for the association.

The association is currently involved in efforts to enforce standard rules and regulations as guidelines for conducting private security operations in Iraq. Additionally, the association is working with the Government in all of Iraq to ensure fair, consistent, and transparent licensing and registration procedures and operational matters including weapons cards and registration, vehicle registration, incident resolution, etc.

The PSCAI is a strong advocate for accountability in the private security company industry and according to its charter, "Will insist upon behaviors consistent with norms and conventions of the international community." The association charter further states, "the PSCAI maintains an active interest in the conduct and behavior of all PSCs and fundamentally recognizes that its Members must operate within the Law of Iraq." Related to transparency for the private security company industry, the PSCAI works to establish and maintain a network with Members, the Iraqi and relevant Governments, Coalition, PSC clients, media and other stakeholders that allow discussion and resolution of security related issues with transparency, accountability, mutual understanding and trust." The PSCAI maintains an active interest in the conduct and behavior of all PSCs and fundamentally recognizes that its Members must operate within the Law of Iraq and endeavors to engender good will and foster good relationships within the Iraqi community by the promotion of acceptable practices based on the fundamental respect for the rights and dignity for the Iraqi people. Furthermore, PSCAI members are required to comply with Rules for the Use of Force (RUF) as defined within the Laws of Iraq, Laws of Armed conflict and contractual terms, ensuring all personnel are trained in these regulations.

With the dissolution of the Coalition Provisional Authority (CPA) in June 2004, the office within the CPA (the Private Security Company Working Group) that was responsible for all matters relating to private security companies was also dissolved. The leadership of several private security companies realized that although the office had gone away, the need for a centralized point for all matters relating to private security companies still existed. As a result, on industry initiative, the PSCAI was officially formed in August 2004. The very first company to join was an Iraqi company, the Falcon Group. The Director of the Association serves as the principal liaison between the USG, GoI and member companies. In March 2007 a Deputy Director was added.

C) British Association of Private Security Companies

The British Association of Private Security Companies (BAPSC) works to promote the interests and regulate the activities of UK based firms that provide armed defensive security services in countries outside the UK.

2 Short history of the mercenaries

In the 20th century, mercenaries have been mostly involved in conflicts on the continent of Africa and in several cases brought about a swift end to bloody civil war by comprehensively defeating the rebel forces. There have been a number of unsavoury incidents in the brushfire wars of Africa, some

involving recruitment of naïve European and American men "looking for adventure" and thrusting them into combat situations where they would not survive to get paid.

Many of the adventurers in Africa who have been described as mercenaries were in fact ideologically motivated to support particular governments, and would not fight "for the highest bidder". A good example of this would be the British South Africa Police (BSAP), a paramilitary, mounted infantry force formed by the British South Africa Company of Cecil Rhodes in 1889/1890 that evolved and continued until 1980.

Notorious mercenaries include:

- Mike Hoare was involved in the Congo Crisis in the early 1960s and a failed coup in Seychelles in 1978.
- Bob Denard was involved in numerous African campaigns in many countries, often with the covert support of France. However, his particular specialty was intervening in the Comoros. The last time was in 1995, when he staged a coup which failed (the military of the French Government intervened to oust Denard).
- Siegfried (Kongo) Müller was a former German Wehrmacht officer-candidate who fought in the French Legion, as a mercenary under Major Mike Hoare in the Congo Crisis and in Biafra.
- Simon Mann was involved with Executive Outcomes ventures in Angola and Sierra Leone (see below). In 2004 he was found guilty in Zimbabwe of "attempting to buy weapons" allegedly for a coup in Equatorial Guinea.

Congo Crisis

The Congo Crisis (1960-1965) was a period of turmoil in the First Republic of the Congo that began with national independence from Belgium and ended with the seizing of power by Joseph Mobutu. During the crisis mercenaries were employed by various factions, and also at times helped the United Nations and other peace keepers.

In 1960 and 1961 Mike Hoare worked as a mercenary commanding a unit called "4 Commando" supporting a faction in Katanga, a province trying to break away from the newly independent Congo.

In 1964, Congolese Prime Minister Moïse Tshombe hired "Colonel" Mike Hoare to lead a military unit called "5 Commando" made up of about 300 men most of whom were from South Africa. The unit's mission was to fight a breakaway rebel group called Simba. Later Hoare and his mercenaries worked in concert with Belgian paratroopers, Cuban exile pilots, and CIA hired mercenaries who attempted to save 1,600 civilians (mostly Europeans and missionaries) in Stanleyville from the Simba rebels in Operation Dragon Rouge. This operation saved many lives.

In 1966 and 1967 mercenaries loyal to Tshombe, who had led Katanga during the attempted secession, staged the Mercenaries' Mutinies.

Biafra

Mercenaries fought for the Biafrans in the Fourth Commando Brigade during the Nigerian Civil War, (1967-1970). Other mercenaries flew aircraft for the Biafrans. In October 1966, for example, a Royal Air Burundi DC-4M Argonaut, flown by mercenary Heinrich Wartski, also known as Henry Wharton, crashlanded in Cameroon with military supplies destined for Biafra.

In May 1969, Carl Gustaf von Rosen formed a squadron of five light aircraft known as the "Babies of Biafra", which attacked and destroyed Nigerian jet aircraft on the ground.

Angola

In the mid-1970s John Banks, a Briton, recruited mercenaries to fight for the *National Front for the Liberation of Angola* (FNLA) against the *Popular Movement for the Liberation of Angola* (MPLA) in the civil war that broke out when Angola gained independence from Portugal in 1975. When captured, John Derek Barker's role as a leader of mercenaries in Northern Angola led the judges to send him to face the firing squad. Nine others were imprisoned. Three more were executed: American Daniel Gearhart was sentenced to death for advertising himself as a mercenary in an American newspaper; Andrew McKenzie and Costas Georgiou (the self styled "Colonel Callan"), who had both served in the British army, were sentenced to death for murder. Executive Outcomes employees the Captain Daniele Zanata fought on behalf of the MPLA against UNITA in the 1990s in violation of the Lusaka Protocol.

3. Companies

3.1 Aegis Defence Services

Aegis Defence Services is a London, U.K.–based private military company with overseas offices in Afghanistan, Bahrain, Iraq, Kenya, Nepal and the United States. It was founded in 2004 by Tim Spicer, who was previously director of the controversial company Sandline International.

Aegis provides security and risk management solutions to counter threats. Its services are tailored for clients including governments, international agencies and the corporate sector. It is a registered and active UN contractor, a major security provider to the US government and security adviser to the Lloyds Joint War Risk Committee.

In 2004 the International Peace Operations Association, an industry body, asked Aegis to apply for membership, but the application was rejected by a British competitor. It is a founding member of the British Association of Private Security Companies (BAPSC), a body lobbying for the regulation of the British PSC sector. It is also a member of the Private Security Company Association of Iraq.

Aegis in Iraq

In Iraq, Aegis is under contract (worth \$293 million over three years) to the US Department of Defense to provide security support services to the Project and Contracting Office (PCO), responsible for managing the reconstruction program. These services include:

- providing static and mobile security details for the PCO and United States Army Corps of Engineers;
- maintaining situational awareness of logistical movement and reconstruction security operations;
- facilitating intelligence-sharing between security forces and reconstruction contractors; and,
- providing continuous information on the viability of road movement throughout the country.

Through its Charitable Foundation Aegis conducts a self-funded civil affairs program to facilitate reconstruction in areas where there are gaps in mainstream projects. It also provides expatriate-led

and Iraqi-manned *Reconstruction Liaison Teams* to monitor the progress of reconstruction work subcontracted to Iraqi building companies.

In separate contracts, Aegis is engaged in providing security protection to the inquiry into alleged corruption in the Oil for Food program. It provided security support to the UN Electoral Assistance Division (UNEAD) and the Independent Electoral Commission of Iraq (IECI) facilitating both the constitutional referendum to proceed in October 2005 and the General Election in December 2005.

Trophy videos

On October 27, 2005 a number of "trophy" videos showing private military contractors in Baghdad firing upon civilian vehicles without clear reason sparked two investigations after they were posted on the internet. The videos were linked unofficially to Aegis Defence Services. Both the US Army and Aegis conducted investigations into the video; while the Aegis report is closed for client confidentiality reasons, the US Army enquiry concluded that the contractors involved were operating within the rules for the use of force. More 4 News broadcast extracts of the videos in March 2006.

On April 6, 2006 More4 News, reporter Nima Elbagir, identified disaffected former Aegis contractor, Rod Stoner, as responsible for posting the videos on the website (<http://www.aegisiraq.co.uk>) . Aegis would not confirm that its contractors were involved in the incidents shown in the videos, but obtained a High Court injunction to have Stoner's website closed down. In the same More4 program, Labour MP Jeremy Corbyn insisted that the Pentagon's contract with Aegis Defence Services should be suspended until the matter had been properly investigated and fully reported upon.

Acquisition

On October 28, 2005 Aegis acquired Rubicon International Services Ltd, a longstanding provider of corporate and otherwise executive private security services. The public announcement was made on November 4, 2005. John Davidson, managing director of Rubicon, joined the Aegis board and became director of operations. Aegis chief executive is former Lt Col Tim Spicer and the chairman of the Aegis board of directors is former Chief of the Defence Staff, Field Marshal Peter Inge.

3.2 Blackwater Worldwide (aka. "Xe")

Xe Services LLC (pronounced /'zi/), still usually referred to as "Blackwater", is a private military company founded as Blackwater USA in 1997 by Erik Prince and Al Clark. Blackwater has a wide array of business divisions, subsidiaries, and spin-off corporations but the organization as a whole has courted much controversy.

Based in North Carolina, Xe operates a tactical training facility (36°27'N 76°12'W) which the company claims is the world's largest, and at which it trains more than 40,000 people a year, mostly from US and other military and police services. The training consists of military offensive and defensive operations, as well as smaller scale personal security.

Xe is currently the largest of the US State Department's three private security contractors. Of the 987 contractors Xe provides, 744 are US citizens. At least 90 percent of the company's revenue comes from government contracts, of which two-thirds are no-bid contracts. Xe provided security services in Iraq to the United States federal government, particularly the Central Intelligence Agency on a contractual basis. They no longer have a license to operate in Iraq: the new Iraqi government made multiple attempts to expel them from their country, and denied their application for an operating license in January 2009. However, the company is still under contract with the State Department and some Xe personnel were working legally in Iraq at least until September 2009.

In October 2007, the company, Blackwater USA, was renamed Blackwater Worldwide. It announced on February 13, 2009, that it would operate under the new name "Xe." In a memo sent to employees, President Gary Jackson wrote that the new name "reflects the change in company focus away from the business of providing private security." A spokesman for the company stated that it feels the Blackwater name is too closely associated with the company's work in the occupation of Iraq. Spokeswoman Anne Tyrrell said there was no meaning in the new name, which the company took over a year to arrive at in an internal search.

Corporate history

In the late 1990s, Erik Prince spent part of his inherited wealth to purchase about 6,000 acres (24 km²) of the Great Dismal Swamp, a vast swamp on the North Carolina/Virginia border, now mostly a National Wildlife Refuge. Here he created his state-of-the-art private training facility, and his contracting company, Blackwater, which he named for the peat-colored water of the swamp. Blackwater USA was formed in 1990 to provide training support to military and law enforcement organizations. In 2002 Blackwater Security Consulting (BSC) was formed. It was one of several private security firms employed following the US invasion of Afghanistan. BSC is one of over 60 private security firms employed during the Iraq War to guard officials and installations, train Iraq's new army and police, and provide other support for occupation forces. Blackwater was also hired during the aftermath of Hurricane Katrina by the United States Department of Homeland Security, as well as by private clients, including communications, petrochemical and insurance companies. Overall, the company has received over \$1 billion USD in US government contracts. Blackwater consists of nine divisions, and a subsidiary, Blackwater Vehicles.

Xe is a privately held company and does not publish much information about internal affairs. Xe's founder and former CEO Erik Prince, a former Navy SEAL, attended the Naval Academy, graduated from Hillsdale College, and was an intern in George H. W. Bush's White House. Prince is a major financial supporter of Republican Party causes and candidates. Xe's president, Gary Jackson, is also a former Navy SEAL.

Cofer Black, the company's vice-chairman from 2006 through 2008, was director of the CIA's Counterterrorist Center (CTC) at the time of the September 11 attacks in 2001. He was the United States Department of State coordinator for counterterrorism with the rank of ambassador at large from December 2002 to November 2004. After leaving public service, Black became chairman of the privately owned intelligence gathering company Total Intelligence Solutions, Inc., as well as vice chairman for Xe. Robert Richer was vice president of intelligence until January 2007, when he formed Total Intelligence Solutions. He was formerly the head of the CIA's Near East Division Black was senior advisor for counterterrorism and national security issues for the 2008 Presidential election bid of Mitt Romney.

Xe's primary training facility, located on 7,000 acres (28 km²) in northeastern North Carolina, comprises several ranges: indoor, outdoor, urban reproductions; an artificial lake; and a driving track in Camden and Currituck counties. Company literature claims that it is the largest training facility in the country. In November 2006 Blackwater USA announced it recently acquired an 80-acre (30 ha) facility 150 miles (240 km) west of Chicago in Mount Carroll, Illinois to be called Blackwater North. This facility is also known as "The Site". This Xe facility has been operational since April 2007 and serves law enforcement agencies throughout the Midwest. Xe is also trying to open an 824-acre (3.33 km²) training facility three miles north of Potrero, a small town in rural east San Diego County, California located 45 miles (72 km) east of San Diego, for military and law enforcement training. The opening has faced heavy opposition from local residents, residents of nearby San Diego, local Congress member Bob Filner, and environmentalist and anti-war organizations. Opposition focused on a potential for wildfire increases, the proposed facility's proximity to the Cleveland National Forest, noise pollution, and opposition to the actions of Blackwater in Iraq. In response, Brian Bonfiglio, project manager for Blackwater West, said "There will be no explosives training and no tracer ammunition. Lead bullets don't start fires." In October 2007, when wildfires swept through the area, Xe made at least three deliveries of food, water, personal hygiene products and generator fuel to 300 residents near the proposed training site, many of whom had been trapped for days without supplies. They also set up a

"tent city" for evacuees. On March 7, 2008, Blackwater withdrew its application to set up a facility in San Diego County.

In October 2007, Blackwater USA began a process of altering its name to Blackwater Worldwide, and unveiled a new logo. A Blackwater representative stated that the decision to change the logo was made before the September 16, 2007, Nisour Square shootings, but was not changed officially until after. Many referred to the change as having eliminated the previous "cross hair" theme, replaced by a reticle instead.

On July 21, 2008, Blackwater Worldwide stated that they would shift resources away from security contracting because of extensive risk in that sector. "The experience we've had would certainly be a disincentive to any other companies that want to step in and put their entire business at risk," company founder and CEO Erik Prince told The Associated Press during a daylong visit to the company's North Carolina compound.

Prince announced his resignation as CEO on March 2, 2009. Prince will remain as chairman of the board but will no longer be involved in day-to-day operations. Joseph Yorio was named as the new president and CEO, replacing Gary Jackson as president and Prince as CEO. Danielle Esposito was named the new chief operating officer and executive vice president.

In December 2009, Prince announced that he is severing his ties with Xe and is considering becoming a teacher.

Corporate structure

Xe consists of nine business units:

■ United States Training Center

United States Training Center (USTC, formerly Blackwater Training Center) offers tactics and weapons training to military, government, and law enforcement agencies. USTC also offers several open-enrollment courses periodically throughout the year, from hand to hand combat (executive course) to precision rifle marksmanship. They also offer courses in tactical and off road driving.

USTC's primary training facility, located on 7,000 acres (28 km²) in northeastern North Carolina, comprises several ranges, indoor, outdoor, urban reproductions, a man-made lake, and a driving track in Camden and Currituck counties. Company literature says that it is the largest training facility in the country. In November 2006 Blackwater USA announced it acquired an 80-acre (30 ha) facility 150 miles (240 km) west of Chicago, in Mount Carroll, Illinois to be called Blackwater North. That facility has been operational since April 2007 and serves law enforcement agencies throughout the Midwest.

■ Blackwater Target Systems

This division provides and maintains target range steel targets and a "shoothouse" system.

■ Blackwater Security Consulting

Blackwater Security Consulting (BSC) was formed in 2001, and based in Moyock, North Carolina. BSC is one of the private security firms employed during the Iraq War to guard officials and installations, train Iraq's new Army and Police, and provide other support for Coalition Forces.

Its primary public contract is from the US State Department under the Bureau of Diplomatic Security's Worldwide Its primary public contract is from the US State Department under the Bureau of Diplomatic Security's Worldwide Personal Protective Services (WPPS) and WPPS II umbrella contracts, along

with DynCorp International and Triple Canopy, Inc. for protective services in Iraq, Afghanistan, Bosnia, and Israel. Blackwater's responsibilities include the United States embassy in Iraq.

Blackwater Security is also now pursuing domestic work as disaster relief workers, following their Katrina response. Blackwater officials have met with Arnold Schwarzenegger to discuss earthquake response services.

■ **Blackwater K-9**

Training canines to work in patrol capacities as war dogs, explosives and drug detection, and various other roles for military and law enforcement duties.

■ **Blackwater Airships, LLC**

Blackwater Airships LLC was established in January 2006, to build a remotely piloted airship vehicle (RPAV).

■ **Blackwater armored vehicle**

Blackwater recently introduced its own armored personnel carrier, the Grizzly APC.

■ **Blackwater Maritime Solutions**

Blackwater Maritime Security Services offers tactical training for maritime force protection units. In the past it has trained Greek security forces for the 2004 Olympics, Azerbaijan Naval Sea Commandos, and Afghanistan's Ministry of Interior. Blackwater's facilities include a manmade lake, with stacked containers simulating the hull and deck of a ship for maritime assaults. Blackwater received a contract to train United States Navy sailors following the attack on the USS *Cole*

It also purchased a 183-foot vessel, *McArthur*, which has been outfitted for disaster response and training. According to Blackwater USA, it features "state of the art navigation systems, full GMDSS communications, SEATEL Broadband, dedicated command and control bays, helicopter decks, hospital and multiple support vessel capabilities." *McArthur* was built in 1966 by the Norfolk Shipbuilding and Drydock Company and served as the survey ship USC&GS *McArthur* (MSS 22) for the United States Coast and Geodetic Survey from 1966 to 1970 and as NOAA *McArthur* (S 330) for the National Oceanic and Atmospheric Administration from 1970 until her decommissioning in 2003. The ship is home-ported in Norfolk, Virginia.

■ **Raven Development Group**

The Raven Development Group is a construction management and management subsidiary. It was established in 1999 to design and build Blackwater Worldwide's training facility in North Carolina.

■ **Aviation Worldwide Services**

Aviation Worldwide Services (AWS) was founded by Richard Pere and Tim Childrey, and is based at Melbourne, Florida, USA. It owns and operates three subsidiaries: STI Aviation, Inc. Air Quest, Inc. and Presidential Airways, Inc. In April 2003 it was acquired by Blackwater USA.

Presidential Airways (PAW) is an FAA Part 135 charter cargo and passenger airline based at Melbourne International Airport. It operates aircraft owned by AWS. Presidential Airways holds a Secret Facility Clearance from the US Department of Defense. It operates several CASA 212 aircraft

in addition to a Boeing 767. Several of the MD-530 helicopters used by Blackwater Security Consulting in Iraq are also operated through AWS.

AWS also appears to provide services to the United States Central Intelligence Agency, as three of its aircraft, with tail numbers N962BW, N964BW, and N968BW, have flown into its Camp Peary facility. Its aircraft have also been used in the CIA's extraordinary rendition programs. Blackwater also operates an airport at its Moyock, North Carolina facility, called Blackwater Airstrip Airport (NC61). The listed owner is E&J Holdings LLC.

A CASA 212 aircraft, tail number N960BW, operated by Presidential Airways crashed on November 27, 2004, in Afghanistan; it had been a contract flight for the United States Air Force en route from Bagram to Farah. All aboard, three soldiers and three civilian crew members, were killed. Several of their surviving kin filed a wrongful death lawsuit against Presidential in October 2005.

In late September 2007, Presidential Airways received a \$92m contract from the Department of Defense for air transportation in Afghanistan, Kyrgyzstan, Pakistan and Uzbekistan.

STI Aviation focuses on aircraft maintenance, and is a FAA/JAA 145 repair station. They specialize in Short 360, EMB 120, Saab 340, and CASA 212 maintenance. As of January 2008, STI Aviation appears to have been folded into AWS, along with Air Quest.]

Many of Blackwater's tactical and training aircraft are registered to Blackwater affiliate EP Aviation LLC, named for Blackwater's owner, Erik Prince. These aircraft include fourteen Bell 412 helicopters, three Hughes/MD 369 "Little Bird" helicopters, four Bell 214ST medium-lift helicopters, three Fairchild Swearingen Merlin IIIC turboprop airliners, nine Aérospatiale Puma utility helicopters, a Maule Air MT-7-235 STOL aircraft, an Embraer EMB 314 Super Tucano counterinsurgency aircraft, and a Mooney M20E fixed wing aircraft.

■ Greystone Limited

A private security service, Greystone is registered in Barbados, and employs third country nationals for offshore security work through its affiliate Satelles Solutions, Inc. Their web site advertises their ability to provide "personnel from the best militaries throughout the world" for worldwide deployment. Tasks can be from very small scale up major operations to "facilitate large scale stability operations requiring large numbers of people to assist in securing a region".

Greystone had planned to open a training facility on the grounds of the Subic Bay US Naval Base, but those plans were later abandoned.

Iraq War involvement

Blackwater Worldwide has played a substantial role during the Iraq War as a contractor for the United States government. In 2003, Blackwater attained its first high-profile contract when it received a \$21 million no-bid contract for guarding the head of the Coalition Provisional Authority, L. Paul Bremer.

On March 31, 2004, four Blackwater Security Consulting (BSC) employees were ambushed and killed in Fallujah, and their bodies were hung on bridges.

Since June 2004, Blackwater has been paid more than \$320 million out of a \$1 billion, five-year State Department budget for the Worldwide Personal Protective Service, which protects US officials and some foreign officials in conflict zones. In 2006, Blackwater won the remunerative contract to protect diplomats for the US embassy in Iraq, the largest American embassy in the world. It is estimated by the Pentagon and company representatives that there are 20,000 to 30,000 armed security contractors working in Iraq, and some estimates are as high as 100,000, though no official figures exist. Of the State Department's dependence on private contractors like Blackwater for security purposes, US ambassador to Iraq Ryan Crocker told the US Senate: "There is simply no way at all that the State

Department's Bureau of Diplomatic Security could ever have enough full-time personnel to staff the security function in Iraq. There is no alternative except through contracts."

In November 2008, the US State Department prepared to issue a multi-million-dollar fine to Blackwater for shipping hundreds of automatic firearms to Iraq without the necessary permits and without paying the proper tariffs. Some of the weapons were believed to have ended up on the country's black market.

For work in Iraq, Xe has drawn contractors from their international pool of professionals, a database containing "21,000 former Special Forces operatives, soldiers, and retired law enforcement agents," overall. For instance, Gary Jackson, the firm's president, has confirmed that Bosnians, Filipinos, and Chileans "have been hired for tasks ranging from airport security to protecting Paul Bremer, the head of the Coalition Provisional Authority." Between 2005 and September 2007, Blackwater security staff were involved in 195 shooting incidents; in 163 of those cases, Blackwater personnel fired first. 25 members of staff have been fired for violations of Xe's drug and alcohol policy and 28 more for weapons-related incidents.

Fallujah and Al Najaf

On March 31, 2004, Iraqi insurgents in Fallujah attacked a convoy containing four American private military contractors from Blackwater USA who were conducting delivery for food caterers ESS. The four contractors, Scott Helvenston, Jerry Zovko, Wesley Batalona and Michael Teague, were attacked and killed with grenades and small arms fire. Their bodies were hung from a bridge crossing the Euphrates. This event was one of the causes of the US military attack on the city in the First Battle of Fallujah. In the fall of 2007, a congressional report by the House Oversight Committee found that Blackwater intentionally "delayed and impeded" investigations into the contractors' deaths.

In April 2004, a few days after the Fallujah bridge hanging, a small team of Blackwater employees, along with a fire team of US Marines, held off over 400 insurgents outside the Coalition Provisional Authority headquarters in Al Najaf, Iraq, waiting for US troops to arrive. The headquarters was surrounded and it was the last area in the city that remained in coalition control. During the siege, as supplies and ammunition ran low, a team of Blackwater contractors 70 miles (113 km) away flew to the compound to resupply and bring an injured US Marine back to safety outside of the city. In April 2005 six Blackwater independent contractors were killed in Iraq when their Mi-8 helicopter was shot down. Also killed were three Bulgarian crewmembers and two Fijian gunners. Initial reports indicate the helicopter was shot down by rocket propelled grenades.

In 2006 a car accident occurred in the Baghdad Green Zone when an SUV driven by Blackwater operatives crashed into a US Army Humvee. Blackwater guards allegedly disarmed the Army soldiers and forced them to lie on the ground at gunpoint until they could disentangle their SUV from the wreck.

Baghdad

On February 16, 2005, four Blackwater guards escorting a US State Department convoy fired 70 rounds into an Iraqi's car. The guards stated that they felt threatened by the car's approach. The fate of the car's driver was unknown because the convoy did not stop after the shooting. An investigation by the State Department's Diplomatic Security Service concluded that the shooting was not justified and that the Blackwater employees provided false statements to investigators. The false statements claimed that the one of the Blackwater vehicles had been hit by insurgent gunfire, but the investigation found that one of the Blackwater guards had actually fired into his own vehicle. John Frese, the US embassy in Iraq's top security official, declined to punish Blackwater or the security guards, stating that "any disciplinary actions would be deemed as lowering the morale" of the Blackwater contractors.

On Christmas Eve 2006, a security guard of the Iraqi vice president, Adel Abdul Mahdi, was shot and killed while on duty outside the Iraqi prime minister's compound. The Iraqi government has accused Andrew J. Moonen, at the time an employee of Blackwater USA, of murdering him while drunk. Moonen was subsequently fired by Blackwater for "violating alcohol and firearm policy", and travelled from Iraq to the United States days after the incident. United States Attorneys are currently

investigating. The United States State Department and Blackwater USA had attempted to keep his identity secret. Despite the Blackwater incident, Moonen found subsequent employment. From February to August 2007, he was employed by US Defense Department contractor Combat Support Associates (CSA) in Kuwait. In April 2007, the US Department of Defense tried to call him back to active duty, but cancelled the request because Moonen was overseas.

Five Blackwater contractors were killed on January 23, 2007, in Iraq when their Hughes H-6 helicopter was shot down on Baghdad's Haifa Street. The crash site was secured by a personal security detail, callsign "Jester" from 1/26 Infantry, 1st Infantry Division. Three insurgencies claimed to be responsible for shooting down the helicopter, although such has not been confirmed by the United States. A US defense official has confirmed that four of the five killed were shot execution style in the back of the head, but did not know whether the four had survived the crash.

In late May 2007, Blackwater contractors opened fire on the streets of Baghdad twice in two days, one of the incidents provoking a standoff between the security contractors and Iraqi Interior Ministry commandos, according to US and Iraqi officials. On May 30, 2007, Blackwater employees shot an Iraqi civilian deemed to have been "driving too close" to a State Department convoy that was being escorted by Blackwater contractors. Other private security contractors, such as Aegis Defence Services have been accused of similar actions. Doug Brooks, the president of the International Peace Operations Association ("IPOA"), a trade group representing Blackwater and other military contractors, said that in his view military law would not apply to Blackwater employees working for the State Department. In October 2007, Blackwater USA announced that the company was taking a "hiatus" from membership in IPOA.

A sniper employed by Blackwater Worldwide opened fire from the roof of the Iraqi Justice Ministry, killing three guards working for the state-funded Iraqi Media Network on February 6, 2006. According to the 13 witnesses who were present, the guards had not fired on the Justice Ministry. An Iraqi police report described the shootings as "an act of terrorism" and said Blackwater "caused the incident." Iraqi Media Network concluded that the guards were killed "without any provocation." The US State Department, based on information obtained from Blackwater guards, who said they were fired upon, concluded that the team's actions "fell within approved rules governing the use of force."

Legal status and oversight of Blackwater Worldwide

Blackwater's license to operate in Iraq was revoked by the Iraqi Government on September 17, 2007, resulting from a highly contentious incident that occurred the previous day during which seventeen (initially reported as eleven) Iraqis were killed. The fatalities occurred while a Blackwater Private Security Detail (PSD) was escorting a convoy of US State Department vehicles en route to a meeting in western Baghdad with United States Agency for International Development officials. The US State Department has said that "innocent life was lost." An anonymous US military official was quoted as saying that Blackwater's guards opened fire without provocation and used excessive force. The incident sparked at least five investigations, and an FBI probe found that Blackwater Employees used lethal force recklessly. Blackwater helicopters were dispatched to evacuate the Polish ambassador following an insurgent assassination attempt on October 3, 2007. The license was reinstated by the American government in April 2007, but the Iraqis announced that they have refused to extend that license in early 2009.

US Congress

On October 2, 2007, Erik Prince attended a congressional hearing conducted by the Committee on Oversight and Government Reform following the controversy related to Blackwater's conduct in Iraq and Afghanistan. Blackwater hired the public relations firm BKSH & Associates Worldwide, a subsidiary of Burson-Marsteller, to help Prince prepare for his testimony at the hearing. Robert Tappan, a former US State Department official who worked for the Coalition Provisional Authority in Baghdad, was one of the executives handling the account. Burson- Marsteller was brought aboard by the Washington law firms representing Blackwater – McDermott Will & Emery and Crowell & Moring. BKSH, a self-described "bipartisan" firm (Hillary Rodham Clinton, when pursuing the Democratic

presidential nomination, was also a client), is headed by Charlie Black, a prominent Republican political strategist and former chief spokesman for the Republican National Committee, and Scott Pastrick, former treasurer of the Democratic National Committee.

In his testimony before Congress, Prince said his company has a lack of remedies to deal with employee misdeeds. When asked why an employee involved in the killing of a vice-presidential guard incident had been "whisked out of the country" he replied, "We can't flog him, we can't incarcerate him." Asked by a member of Congress for financial information about his company, Prince declined to provide it. "We're a private company, and there's a key word there — private," he answered. Later he stated that the company could provide it at a future date if questions were submitted in writing. When the term "mercenaries" was used to describe Blackwater employees, Prince objected, characterizing them as "loyal Americans".

A Committee on Oversight and Government Reform staff report, based largely on internal Blackwater e-mail messages and State Department documents, describes Blackwater as "being staffed with reckless, shoot-first guards who were not always sober and did not always stop to see who or what was hit by their bullets." A staff report compiled by the House Committee on Oversight and Government Reform on behalf of Representative Waxman questioned the cost-effectiveness of using Blackwater forces instead of US troops. Blackwater charges the government \$1,222 per day per guard, "equivalent to \$445,000 per year, or six times more than the cost of an equivalent US soldier," the report alleged. During his testimony on Capitol Hill, Erik Prince disputed this figure, saying that it costs money for the government to train a soldier, to house and feed them, they don't just come prepared to fight. "That sergeant doesn't show up naked and untrained", Prince stated.

In the wake of Prince's testimony before Congress, the US House passed a bill in October 2007 that would make all private contractors working in Iraq and other combat zones subject to prosecution by US courts, and Senate Democratic leaders have said they plan to send similar legislation to President Bush as soon as possible. The legal status of Xe and other security firms in Iraq is a subject of contention. Two days before he left Iraq, L. Paul Bremer signed "Order 17" giving all Americans associated with the CPA and the American government immunity from Iraqi law. A July 2007 report from the American Congressional Research Service indicates that the Iraqi government still has no authority over private security firms contracted by the US government.

On October 5, 2007, the State Department announced new rules for Blackwater's armed guards operating in Iraq. Under the new guidelines, State Department security agents will accompany all Blackwater units operating in and around Baghdad. The State Department will also install video surveillance equipment in all Blackwater armored vehicles, and will keep recordings of all radio communications between Blackwater convoys in Iraq and the military and civilian agencies which supervise their activities.

In December 2008 a US State Department panel recommended that Xe should be dropped as the main private security contractor for US diplomats in Iraq.

On Jan 30, 2009, The US State Department told Blackwater Worldwide that it will not renew its contract in Iraq.

Iraqi courts and legal action

On September 23, 2007, the Iraqi government said that it expects to refer criminal charges to its courts in connection with a shooting involving Blackwater guards. However, on October 29, 2007, immunity from prosecution was granted by the US State Department, delaying a criminal inquiry into the September 16 shootings of 17 Iraqi civilians. Immediately afterwards, the Iraqi government approved a draft law to end any and all immunity for foreign military contractors in Iraq, to overturn Order 17. The US Department of Justice also said any immunity deals offered to Blackwater employees were invalid, as the department that issued them had no authority to do so.

It is unclear what legal status Blackwater Worldwide operates under in the US and other countries, or what protection the US extends to Blackwater Worldwide's operations globally.

Legal specialists say that the US government is unlikely to allow a trial in the Iraqi courts, because there is little confidence that trials would be fair. Contractors accused of crimes abroad could be tried in the United States under either military or civilian law; however, the applicable military law, the Uniform Code of Military Justice, was changed in 2006, and appears to now exempt State Department contractors that provide security escorts for a civilian agency. Prosecution under civilian law would be through the Military Extraterritorial Jurisdiction Act, which allows the extension of federal law to civilians supporting military operations; however, according to the deputy assistant attorney general in the Justice Department's criminal division, Robert Litt, trying a criminal case in federal court would require a secure chain of evidence, with police securing the crime scene immediately, while evidence gathered by Iraqi investigators would be regarded as suspect.

A number of Iraqi families with killed relatives are taking Blackwater to court over alleged "random killings committed by private Blackwater guards".

On January 31, 2010, three current and former US government officials confirmed the Justice Department is investigating whether officials of Blackwater Worldwide tried to bribe Iraqi government officials in hopes of retaining the firm's security work in Iraq after the shooting in Nisour Square in Baghdad, which left 17 Iraqis dead and stoked bitter resentment against the United States. The officials said that the Justice Department's fraud section opened the inquiry late in 2009 to determine whether Blackwater employees violated a federal law banning American corporations from paying bribes to foreign officials.

Non-Iraq services

Blackwater Worldwide was employed to assist the Hurricane Katrina relief efforts on the Gulf Coast. According to a company press release, it provided airlift, security, logistics, and transportation services, as well as humanitarian support. It was reported that the company also acted as law enforcement in the disaster-stricken areas, for example securing neighborhoods and confronting criminals. Blackwater moved about 200 personnel into the area hit by Hurricane Katrina, most of whom (164 employees) were working under a contract with the Department of Homeland Security to protect government facilities, but the company held contracts with private clients as well. Overall, Blackwater had a "visible, and financially lucrative, presence in the immediate aftermath of Hurricane Katrina as the use of the company contractors cost US taxpayers \$240,000 a day." There has been much dispute surrounding governmental contracts in post-Katrina New Orleans, especially no-bid contracts such as the one Xe was awarded. Xe's heavily -armed presence in the city was also the subject of much confusion and criticism.

Xe is one of five companies picked by the Department of Defense Counter-Narcotics Technology Program Office in a five-year contract for equipment, material and services in support of counter-narcotics activities. The contract is worth up to \$15 billion. The other companies picked are Raytheon, Lockheed Martin, Northrop Grumman, and Arinc Inc. Blackwater USA has also been contracted by various foreign governments. The DEA and DoD counternarcotics program is supported by Blackwater Worldwide in Afghanistan as well. "Blackwater is involved on DoD side" of the counter-narcotics program in Afghanistan says Jeff Gibson, vice president for international training at Blackwater. "We interdict. The NIU surgically goes after shipments going to Iran or Pakistan. We provide training to set up roadblocks, identify where drug lords are, and act so as not to impact the community." About 16 Blackwater personnel are in Afghanistan at any given time to support DoD and DEA efforts at training facilities around the country. Blackwater is also involved in mentoring Afghan officials in drug interdiction and counter narcotics. As Richard Douglas, a deputy assistant secretary of defense, explained, "The fact is, we use Blackwater to do a lot of our training of counternarcotics police in Afghanistan. I have to say that Blackwater has done a very good job."

In 2005, it worked to train the Naval Sea Commando regiment of Azerbaijan, enhancing their interdiction capabilities on the Caspian Sea. In Asia, Blackwater has contracts in Japan guarding AN/TPY-2 radar systems.

Litigation

Xe is currently being sued by the families of four contractors killed in Fallujah in March 2004. The families say they are suing not for financial damages, but for the details of their sons' and husbands' deaths, saying Xe has refused to supply these details, and that in its "zeal to exploit this unexpected market for private security men," the company "showed a callous disregard for the safety of its employees." On February 7, 2007, four family members testified in front of the House Government Reform Committee. They asked that Xe be held accountable for future negligence of employees' lives, and that federal legislation be drawn up to govern contracts between the Department of Defense and defense contractors. Xe has counter-sued the lawyer representing the empty estates of the deceased for \$10 million on the grounds the lawsuit was contractually prohibited from ever being filed.

On November 27, 2004, an army report says that a Blackwater airplane, "in violation of numerous government regulations and contract requirements," crashed into a mountainside in Afghanistan, killing all six passengers on board. Several US military personnel were on board because there was space on the cargo plane. It is alleged that Blackwater staff made a series of errors leading to the lane crash, included failing to file a flight plan and failing to use oxygen masks, which may have caused the pilot to succumb to high-altitude euphoria. The families of the three soldiers killed—Lt. Col. Michael McMahon, Chief Warrant Officer Travis Grogan and Spec. Harley Miller—filed a wrongful death suit against Blackwater, alleging negligence. Presidential Airways, a division of Blackwater, questioned the validity of the Army's report, stating that it "contains numerous errors, misstatements, and unfounded assumptions."

Ongoing controversies

There are a variety of ongoing controversies involving Blackwater Worldwide that are not in direct relation to their specific and individual operations for the US government. However, their role in their work is the factor of these controversies. It has alternatively been referred to as a security contractor or a mercenary organization by numerous reports by the US and international media. Critics consider Xe's self-description as a private military company to be a euphemism for mercenary activities. Jeremy Scahill points out that Chilean nationals, mostly former soldiers, whose country of origin does not participate in hostilities in Iraq, work for Xe in that country; thus, those Chileans meet the definition of "mercenary." At least 60 Chilean Blackwater employees were trained during dictator Augusto Pinochet's regime. Author Chris Hedges wrote about the establishment of mercenary armies, referring to Blackwater as an example of such a force, asserting its existence as a threat to democracy and a step towards the creation of a modern day Praetorian Guard in a June 3, 2007, article in the *Philadelphia Inquirer*.

On November 27, 2004 an aircraft operated by Presidential Airways and owned by its sister company, Blackwater AWS, crashed in Afghanistan; it had been a contract flight for the United States Air Force en route from Bagram to Farah. All aboard, three soldiers and three civilian crew members, were killed. Several of their survivors filed a wrongful death lawsuit against Presidential in October 2005.

In August 2009, Blackwater and Blackwater founder Erik Prince was accused of murder and of "failing to stop the use of prostitutes, including child prostitutes" by their men. These accusations were initially exposed in *The Nation* magazine by author and Blackwater critic Jeremy Scahill. The article reports that, in a civil suit filed on behalf of two anonymous men, the plaintiffs say they were former high ranking Blackwater employees who witnessed a variety of crimes.

In March 2006, Cofer Black, vice chairman of Blackwater USA, allegedly suggested at an international conference in Amman, Jordan, that the company was ready to move towards providing security professionals up to brigade size (3,000–5,000) for humanitarian efforts and low-intensity conflicts. Critics have suggested this may be going too far in putting political decisions in the hands of privately owned corporations. The company denies this was ever said.

In December 2006, an Iraqi politician, Ayham al-Samarie, escaped from a prison in Iraq, where he was awaiting trial for 12 criminal corruption cases. Blackwater, which he had hired for protection before his arrest, allegedly helped him escape. He said from Dubai he would return to the United States as he

hadn't broken any US laws and had fled Iraq because he feared he would be killed or kidnapped. He arrived in Chicago on January 9, claiming that an Iraqi judge had ordered his release, he feared being killed if he stayed in jail, and US officials had assured him he would not be extradited to Iraq.

On September 22, 2007, US federal prosecutors announced an investigation into allegations that Blackwater employees may have smuggled weapons into Iraq, and that these weapons may have been later transferred to the Kurdistan Workers Party (PKK), a Kurdish nationalist group designated a terrorist organization by the United States, NATO and the EU. The US government was investigating Blackwater for these alleged crimes. On October 4, 2007, the FBI took over the investigation. Prince claimed in September 2007 that there was a "rush to judgment" about Blackwater, due to "inaccurate information".

In January 2008, Marshall Adame, a Democrat running for Congress in North Carolina's 3rd District, took part in a live question-and-answer forum where he was asked a question about Blackwater. Adame, who had served as a State Department official in Iraq recounted, "I saw them shoot people, I saw them crash into cars while I was their passenger. There was absolutely no reason, no provocation whatsoever." He then stated, "There is no place in the American force structure, or in American culture for mercenaries, they are guns for hire; No more, no less."

Xe, which had been operating in Iraq without an Iraqi government license, applied for one for the first time, but the request was denied by Iraqi officials in January 2009. The Iraqi government announced that Xe must leave Iraq as soon as a joint Iraqi-US committee finishes drafting the new guidelines on private contractors under the current Iraqi-US security agreement. Umm Tahsin, widow of one of the men killed by Xe employees in the Nisour Square shooting, said of the denial, "Those people are a group of criminals. What they did was a massacre. Pushing them out is the best solution. They destroyed our family." On January 31, 2009, the US State Department notified Blackwater that the agency would not renew its security contract with the company. The *Washington Times* reported on March 17, 2009, that the US State Department had extended its Iraq security contract with Xe's air operations arm, Presidential Airways, to September 3, 2009, for a cost of \$22.2 million.

On April 1, 2009, the US State Department announced that Triple Canopy, Inc. would replace Xe/Blackwater as the department's security contractor in Iraq. The contract, for \$977 million, was awarded on March 31, 2009, and took effect on May 7, 2009. The Iraqi government has speculated that Blackwater/Xe may still be able to profit from the deal because Triple Canopy may subcontract a portion of its Iraq contract to the Falcon Group, an Iraqi company rumored to have financial ties to Blackwater. A Blackwater spokeswoman, Anne Tyrell, denied that Blackwater had a relationship with Falcon Group. In spite of the ban on Blackwater in Iraq, the State Department issued a task order for Blackwater to provide security for diplomats in Hillah, Najaf, and Karbala until August 4, 2009.

The Russel Crowe starrer, *State of Play*, is a 2009 feature film that makes references to a fictional private military company, PointCorp, which directly serves as a stand-in for Blackwater and its operations (the film even makes a reference to its post-Katrina duties). The film tells a sinister tale of how the PMC (in this case the fictional firm) uses Congressional lobbyists and other methods to keep and renew its contracts with the US Dept. of Defense. Even in the film, the training facility of PointCorp as "Little Baghdad" was mentioned, which Blackwater's training complex used a similar naming in their so-called "Little Baghdad" urban environment training site within the training complex. "Another American, low-budget feature film called *Blackline: The Beirut Contract* is currently in production. It is inspired by controversies surrounding contracting companies such as Blackwater Worldwide and their recent involvements in Iraq.

In 2008-2010, filed under the False Claims Act in federal court in Virginia, Brad Davis and Melan Davis, both former employees, accused the company of "defrauding the US government for years" by filing false receipts, double billing for the same services and charging government agencies for the services of strippers and prostitutes as they carried out government contracts in Iraq and Afghanistan, and in Louisiana in the aftermath of Hurricane Katrina. They allegedly also turned a blind eye to "excessive and unjustified" force against Iraqi civilians by several Blackwater guards. Brad Davis, a former Marine, served as team leader and security guard, including in Iraq. His wife, Melan Davis, worked as a finance and payroll employee. The False Claims Act allows whistleblowers to win a portion of any money the

government might recover. The US Justice Department chose not to join them in pursuing their lawsuit, which led to the suit being unsealed in February 2010.

Role in the CIA's secret assassination program

Mark Manzetti, writing in the *New York Times* on August 19, 2009, reported that the CIA had hired Blackwater "as part of a secret program to locate and assassinate top operatives of Al Qaeda." Newly appointed CIA director Leon Panetta had recently acknowledged a planned secret assassination program, one withheld from Congressional oversight. Manzetti's sources which tied the assassination program to Blackwater declined to have their names made public. The CIA was acting on a 2001 presidential legal pronouncement, known as a finding, which authorized the CIA to pursue such efforts. Several million dollars were spent on planning and training, but it was never operationalized and no militants were caught or captured. Jeremy Scahill reported in *The Nation* in November 2009 that Blackwater operate alongside the CIA in Pakistan in "snatch and grab" senior members of the Taliban and Al Qaeda. The report cited an unnamed source who has worked on covert US military programs, they revealed that senior members of the Obama administration may not be aware that Blackwater are operating under a US contract in Pakistan. A former Blackwater executive confirmed that they operate covertly in Pakistan. A spokesman for Blackwater denied the claims, stating that they have "only one employee in Pakistan". In December 2009, the CIA cancelled their contract with Blackwater for their employees to load bombs onto drone aircraft in Afghanistan and Pakistan.

3.3 Custer Battles

Custer Battles, LLC was a defense contractor headquartered in Newport, Rhode Island, with offices in McLean, Virginia. The company now appears to be out of business. At one time the company offered services that include security services, litigation support, global risk consulting, training and business intelligence, but had no background or track record in offering any of these services.

In June 2003, Custer Battles took its services to Iraq and became a minor contractor supporting the Coalition Provisional Authority and the US government. In October 2004, the company was sued under the False Claims Act. As this was the first lawsuit concerning contractors in Iraq, the company received significant attention throughout the media. In March 2006, a jury ruled against Custer Battles, but the verdict was set aside by a District Court judge. That decision was appealed, and, in April 2009, the Fourth Circuit reversed the district court judge and reinstated the fine.

Background

Custer Battles was founded in October 2001. The company was named after its founders, Scott Custer and Michael Battles. Custer is a former Army Ranger and defense consultant, while Battles is a former Army officer and CIA intelligence officer who ran unsuccessfully for the United States Congress in Rhode Island in 2002.

From 2001-2003, Custer Battles provided crisis management and security assistance to humanitarian organizations working in high-risk conflict areas throughout the world. They were one of the first companies to establish a presence in Kabul, Afghanistan in January 2002, working for various NGOs as well as the Afghan Ministry of Transportation. Domestically, they also provided critical infrastructure protection in the United States, with focus on water security. They had at least four state-wide contracts in 2002 (New Hampshire, Rhode Island, Maine, Nevada), as well as contracts with various municipalities along the eastern seaboard.

In May 2003, Custer Battles established a presence in Baghdad, Iraq. In June 2003, Custer Battles was competitively awarded a contract to secure the Baghdad International Airport. The 12-month contract with the Coalition Provisional Authority was worth \$16.8 million. The company continued to expand its business in Iraq, and became a minor subcontractor operating in the country.

The company continued to expand its operations in Iraq through 2003 and 2004. Their clients included the Coalition Provisional Authority, Bearing Point, Washington Group International, Parsons, Halliburton and the US Army. In early 2004, the Department of Defense initiated an investigation into one of Custer Battles' contracts with the CPA, resulting in the company being suspended from future contract considerations by the Department of the Air Force. In early 2005 Custer Battles ceased operations in Iraq.

Allegations of fraud in Iraq

CPA case

In October 2004, a *qui tam* lawsuit by Robert Isakson and William Baldwin was unsealed against Custer Battles. The suit, brought under the False Claims Act, alleged massive overbilling on two contracts with the Coalition Provisional Authority in Iraq in 2003.

In July 2005, Judge T.S. Ellis III ruled that allegations of false claims in Custer Battles' contracts with the CPA were actionable under the False Claims Act, denying Custer Battles' lawyers claims that the company had no contract with the US government. The Judge also ruled that money paid for by the Development Funds for Iraq (DFI) could not be prosecuted under the False Claims Act, as the US government was not involved in administering these funds.

In March 2006, a jury found Custer Battles liable for the submission of 5 false claims, each one of which is subject to a US\$5,000 -11,000 civil fine, as well as 26 false statements supporting the 5 false claims. However, in August 2006, Judge Ellis, of the Federal District Court in Alexandria, Va overturned the verdict as a matter of law. Judge Ellis's ruling was, in turn, reversed by the Fourth Circuit in April 2009, in effect reinstating the jury verdict. The Fourth Circuit also ruled that Judge Ellis had erred in limiting the scope of the damages on the dinar exchange contract, and gave the plaintiffs the option of seeking a new trial for additional damages, but reinstated the claims relating to the dinar-exchange contract and reversed the order limiting them to \$30 million in damages.

Baghdad Airport case

Another trial, with the same set of whistleblowers, concerned a separate \$16.8 million contract awarded to Custer Battles to provide security at Baghdad International Airport. As this contract was paid for by seized Iraqi funds, Judge Ellis ruled that the entire contract was susceptible to the False Claims Act, and not just part of it in the previous case. The basic allegations were that Custer Battles had failed to provide adequate security staffing under its Firm-Fixed Price contract of \$16.8 million. In January 2007, Judge Ellis granted Custer Battles' motion for summary judgment, finding that there was no evidence of the submission of false claims in this case. In April 2009, the 4th Circuit appeals court affirmed summary judgment for Custer Battles on the Baghdad airport contract.

Custer Battles files conspiracy lawsuit

In April 2005, Custer Battles filed conspiracy and breach of contract lawsuits against Robert Isakson and William Baldwin, the same individuals who had previously accused Custer Battles of submitting false claims. The lawsuit also included Isakson and Baldwin's companies, DRC Inc and American Iraqi Solutions Group, both of Alabama. According to court documents filed in the US District Court for the Eastern District of Virginia, Mr. Isakson breached his contract with Custer Battles when he brought his 12-year old son to Iraq with \$9,000 in cash strapped to his chest. Custer Battles also alleged that Isakson and Baldwin conspired to start a new company, American Iraqi Solutions Group (AISG) and stole Custer Battles clients. This case was eventually moved from the US District court in Virginia to the US District Court for the Southern District of Alabama. Before going to trial, a settlement was reached and Custer Battles dismissed the charges. The amount of money paid by DRC, Isakson and Baldwin has been kept confidential.

Allegations of unrestrained force

In February 2005, Lisa Myers of MSNBC News reported a story concerning allegations of unrestrained force on the part of Custer Battles security operators in Iraq. In the story, four former Custer Battles employees are quoted as witnessing an incident where a Custer Battles vehicle rolled over a civilian vehicle and injured the occupants inside. The employees also detail an incident where Kurdish guards shot indiscriminately towards Iraqi civilians. According to one of the employees, Bill Craun, "what we saw the American public wouldn't stand for."

In response to the allegations, Ms. Myers interviewed the country director and convoy leader for Custer Battles. The convoy leader, Shawn Greene, adamantly denied that any of these incidents occurred, and detailed the exact incident in which he ordered the Custer Battles truck to hit and forcibly move a civilian vehicle. According to Greene, while his vehicle did damage the civilian car, there were no injuries. Paul Christopher, the Custer Battles country director, provided NBC News access to the company's mission logs, which detailed the event of hitting a civilian vehicle, the subsequent investigation with photos, and the documentation from the driver and witnesses that no one was injured. Both Greene and Christopher did detail accounts of actual combat situation of Custer Battles personnel where their vehicles were attacked by insurgents and Custer Battles personnel were forced to defend themselves through the use of deadly force.

3.4 DynCorp International

DynCorp International is a United States-based private military contractor (PMC) and aircraft maintenance company. DynCorp receives more than 96 percent of its \$2 billion in annual revenues from the federal government. The company is headquartered in Falls Church, Virginia, but also has major operations in Fort Worth, Texas.

The company has provided teams for the US military in major theaters, such as Bolivia, Bosnia, Somalia, Angola, Haiti, Colombia, Kosovo and Kuwait. DynCorp International also provided much of the security for Afghan interim president Hamid Karzai's presidential guard and trains much of Afghanistan's and Iraq's fledgling police force. DynCorp was also hired to assist recovery in Louisiana and neighboring areas after Hurricane Katrina. Recently, Dyncorp and the Department of State have been criticized for not properly accounting for \$1.2 billion in contract task orders authorized by the State Department to be used to train Iraqi police.

DynCorp traces its origins from two companies formed in 1946: California Eastern Airways, an air freight business and Land-Air Inc, an aircraft maintenance company. Two years after being organized, California Eastern Airways — despite emerging as the second largest independent air carrier — filed for bankruptcy in May 1948.

Land-Air, Inc., which is the predecessor to today's DynCorp International's Maintenance and Technical Support Services (MTSS) strategic business unit, reached a major milestone in 1951, when it was awarded the first Contract Field Teams (CFT) contract by the Air Force Logistics Command (AFLC). Contract field teams provide mission support and depot-level repair to US military aircraft and weapons systems worldwide. This was a major innovation in aviation services. Under the Contract Field Teams system, teams of aviation-maintenance experts are deployed anywhere around the world to provide fast, flexible maintenance services to aircraft at their home bases.

DynCorp International and its predecessors have provided services under the CFT program continuously since being awarded that first contract, having been awarded one CFT contract in every round of recompetition including the most recent round which began in October 2008.

From 1951 to 2004 the company went through a number of name changes from Land-Air, Inc. in 1951 to California Eastern Airways, Inc., and in 1962, California Eastern Aviation, Inc., changed its name to Dynalectron Corporation, and then in 1987, Dynalectron changed its name to DynCorp. In December 2000, DynCorp formed DynCorp International LLC, and transferred to it all of its international business to this entity while DynCorp Technical Services LLC continued to perform DynCorp's domestic

contracts. In March 2003, DynCorp and its subsidiaries were acquired by Computer Sciences Corporation (CSC) for approximately US\$914 million. Less than two years later, CSC announced the sale of three units of the business to a private equity firm, Veritas Capital, for US\$850 million. The units sold were DynCorp International, DynMarine and certain DynCorp Technical Services contracts. In December 2004, DynCorp and CSC entered into an agreement to sell their equity interests in DynCorp International LLC, including its subsidiaries, Dyn Marine Services LLC, and DTS Aviation Services LLC, to DynCorp International Inc. In 2006, DynCorp International Inc went public on the New York Stock Exchange under the symbol DCP.

Economic Downturn of 2008 and 2009: DynCorp has been having problems with too much overhead costs and not enough new business. William Ballhaus has a strong focus on maintaining a lean infrastructure. It was expected that the Army INSCOM linguistic program and the Army LOGCAP program would bring in major new revenue and work, but this did not happen. Beginning in mid-year 2008 DynCorp began laying off people.

Fleet

- Bell Helicopters UH1 Huey
- Oil spill response vessels
- flagship communications suites - for the Military Sealift Command
afloat maritime pre- positioned ship squadrons (Mediterranean Sea,
Pacific Ocean, and Indian Ocean (Diego Garcia)
- Global Fleet Sales/Ford F350 SUVs
- International buses

Controversies :

Pakistan

Pakistan Interior Minister Rehman Malik that DynCorp was working in Pakistan for capacity- building and training of police and paramilitary Frontier Corps for which the United States had granted \$46 million, besides help from Japan, France and Australia for the purpose.

Colombia

Since the late 1990s, the United States has paid private contractors an estimated \$1.2 billion, both to eradicate coca crops and to assist the Colombian army put down rebels that use the illegal drug trade to finance their insurgency.

DynCorp has been awarded under competitive bid more of this business than any other company. They help Colombia's national police destroy coca crops with aerial defoliants. Although Colombia remains a major drug producing country, the Government of Colombia (GOC) is completely committed to fighting the production and trade in illicit drugs. Colombia had a sixth consecutive record year for illicit crop eradication and continued its aggressive interdiction programs. In 2006, the US-supported Colombian National Police (CNP) Anti-Narcotics Directorate (DIRAN) sprayed 171,613 hectares of illicit coca and opium poppy, and manual eradication accounted for the destruction of an additional 42,111 hectares of coca and 1,697 hectares of poppy. Colombia is a party to the 1988 UN Drug Convention. According to experts familiar with this operation, the company's role goes far beyond crop spraying. DynCorp employees "are engaged in combatant roles, fighting in counterinsurgency operations against the Colombian rebel groups," says Peter W. Singer, a foreign-policy fellow at the Brookings Institution and author of *Corporate Warriors*. "Indeed, the DynCorp personnel have a local reputation for being both arrogant and far too willing to get 'wet,' going out on frequent combat missions and engaging in firefights." DynCorp has not responded to the allegation.

In this regard, concerning the company's activities and alleged abuses in Colombia, an extensive accusation was presented against DynCorp at the Hearing on Biodiversity of the Permanent Peoples' Tribunal, session on Colombia, which took place at the Cacarica Humanitarian Zone from February 24 to 27, 2007.

The deaths of three DynCorp employees, whose helicopter was shot down in 1992 during an anti-drug mission in Peru, received a brief 113 word mention in the New York Times.

Iraq

In February 2007 federal auditors cited DynCorp for wasting millions on projects, including building an unapproved, Olympic-sized swimming pool at the behest of Iraqi police officials.

On October 11, 2007, a DynCorp security guard in a US State Department convoy killed a taxi driver in Baghdad. According to several witnesses, the taxi did not pose a threat to the security of the convoy.

A US government audit report of October 2007 revealed that \$1.3 billion was spent on a contract with DynCorp for training Iraqi police. The auditors stated that the program was mismanaged to such an extent that they were unable to determine how the money was spent.

Gaza strip

On October 15, 2003, three DynCorp employees were killed in a bombing in the Gaza Strip. They were serving as security guards for American diplomats, supplementing the Diplomatic Security Service.

Involvement in trafficking of child sex slaves

According to whistleblower Ben Johnston, a former aircraft mechanic who worked for the company in Bosnia, DynCorp employees and supervisors engaged in sex with 12 to 15 year old children, and sold them to each other as slaves. Ben Johnston ended up fired, forcing him into protective custody. According to Johnston, none of the girls were from Bosnia itself, but were imported by DynCorp from Russia, Romania and other places.

On June 2, 2000, members of the 48th Military Police Detachment conducted a sting on the DynCorp hangar at Comanche Base Camp, one of two US bases in Bosnia, and all DynCorp personnel were detained for questioning. CID spent several weeks working the investigation and the results appear to support Johnston's allegations. For example, according to DynCorp employee Kevin Werner's sworn statement to CID, "during my last six months I have come to know a man we call 'Debeli,' which is Bosnian for fat boy. He is the operator of a nightclub by the name of Harley's that offers prostitution. Women are sold hourly, nightly or permanently." Johnston is not the only DynCorp employee to blow the whistle and sue the billion-dollar government contractor. Kathryn Bolkovac, a U.N. International Police Force monitor hired by the US company on another U.N.-related contract, has filed a lawsuit in Great Britain against DynCorp for wrongful termination. DynCorp had a \$15 million contract to hire and train police officers for duty in Bosnia at the time she reported such officers were paying for prostitutes and participating in sex-trafficking. Many of these were forced to resign under suspicion of illegal activity, but none have been prosecuted, as they also enjoy immunity from prosecution in Bosnia.

DynCorp has admitted it fired five employees for similar illegal activities prior to Johnston's charges. In the summer of 2005, the United States Defense department drafted a proposal to prohibit defense contractor involvement in human trafficking for forced prostitution and labor. Several defense contractors, among others DynCorp, stalled the establishment of a final proposal that would formally prohibit defense contractor involvement in these activities.

DynCorp torture lawsuit (re Colombia & Ecuador)

In September 2001, a group of Ecuadorian farmers filed a class-action lawsuit against DynCorp under the Alien Tort Claims Act (ATCA), the Torture Victim Protection Act and state law claims in US federal court in the District of Columbia. The plaintiffs claimed that from January to February 2001 DynCorp sprayed the herbicide almost daily, in a reckless manner, causing severe health problems (high fever, vomiting, diarrhea, dermatological problems) and the destruction of food crops and livestock of approximately 10,000 residents of the border region. In addition, the plaintiffs alleged that the toxicity of the fumigant caused the deaths of four infants in this region. The plaintiffs alleged under ATCA that DynCorp's intensive aerial spraying of a toxic fumigant amounted to torture, a crime against humanity and cultural genocide. DynCorp moved to dismiss the case, arguing that it raised non-justiciable questions of foreign and national security policy. DynCorp also argued that the plaintiffs' claims of violations of international law were based on actions by DynCorp that were expressly authorized by the US Congress under Plan Colombia. In May 2007, the district court granted DynCorp's motion to dismiss the plaintiffs' claims under the Torture Victim Protection Act, but ordered that the balance of the plaintiffs' claims should stand. The court found that the case did not raise non-justiciable questions because the action did not call into question US foreign policy in Colombia. The court also found that the claims raised by the plaintiffs were outside the scope of the Congressional authorization of DynCorp's contract.

In December 2006, 1660 citizens of the Ecuadorian provinces of Esmeraldas and Sucumbios who were not part of the class-action lawsuit described above filed a separate lawsuit against DynCorp in US federal court in Florida. The provinces of Carchi, Esmeraldas and Sucumbios also sued DynCorp in Florida federal court over the spraying, in lawsuits filed in December 2006, and March and April 2007. The plaintiffs in these four cases allege that DynCorp's spraying of fumigants injured the residents of these provinces, for which they are bringing claims under Florida state law, Ecuadorian law and international law.

3.5 KBR & Halliburton

A) KBR

KBR, Inc. (formerly Kellogg Brown & Root). NYSE: KBR, is an American engineering and construction company, formerly a subsidiary of Halliburton, headquartered in Houston. The company also has large offices in Arlington, Birmingham and Dallas. After Halliburton acquired Dresser Industries in 1998, Dresser's engineering subsidiary, The M. W. Kellogg Co., was merged with Halliburton's construction subsidiary, Brown & Root, to form Kellogg Brown & Root. KBR and its predecessors have won many contracts with the US military, including during the 2003 invasion of Iraq, World War II and the Vietnam War.

KBR is the largest non-union construction company in the United States. The company's corporate offices are in the KBR Tower in Downtown Houston.

The company received significant media attention in the late 2000s, after an employee, Jamie Leigh Jones, was allegedly gang-raped and held hostage by her co-workers, before evidence disappeared after it was handed to the company.

M.W. Kellogg

In 1901, Morris Kellogg founded The M. W. Kellogg Company in New York City. The company was incorporated in 1905 and its headquarters was moved to Jersey City, New Jersey. Initially Kellogg's main business was power plant construction and fabrication of power plant components, but the development of hammer forge welding techniques helped ready the company to move into refining as the petroleum industry developed.

Brown & Root

Brown & Root was founded in Texas in 1919 by two brothers, George R. Brown and Herman Brown, with money provided by their brother-in-law, Daniel Root. The company began its operations by building roads in Texas.

One of its first large-scale projects, according to the book *Cadillac Desert*, was building a dam on the Texas Colorado River near Austin during the Depression years. For assistance in federal payments, the company turned to the local Congressman, Lyndon B. Johnson. Brown & Root was the principal source of campaign funds for Johnson's initial run for Congress in 1937, in return for persuading the Bureau of Reclamation to change its rules against paying for a dam on land the federal government did not own, a decision that had to go all the way to President Franklin Delano Roosevelt, according to Robert A. Caro's book *The Path to Power*. After other very profitable construction projects for the federal government, Brown & Root gave massive sums of cash for Johnson's first run for the US Senate in 1941. Brown and Root reportedly violated IRS rules over campaign contributions, largely in charging off its donations as deductible company expenses, according to Caro. A subsequent IRS investigation threatened to bring criminal charges of illegal campaign donations against Brown & Root, as well as Johnson and others. Roosevelt himself told the IRS to back off and allowed Brown and Root to settle for pennies on the dollar.

During World War II, Brown & Root built the Naval Air Station Corpus Christi and its subsidiary Brown Shipbuilding produced a series of warships for the US Government.

In 1947, Brown & Root built one of the world's first offshore oil platforms.

According to Tracy Kidder's Pulitzer Prize-winning book *Mountains Beyond Mountains*, Brown & Root was a contractor in the Péligre Dam project. The project was designed by the US Army Corps of Engineers and financed by the Export-Import Bank of the United States.

Halliburton years

Following the death of Herman Brown, Halliburton Energy Services acquired Brown & Root in December 1962. According to Dan Briody, who wrote a book on the subject, the company became part of a consortium of four companies that built about 85 percent of the infrastructure needed by the Navy during the Vietnam War. At the height of the anti-war movement of the 1960s, Brown & Root was derided as "Burn & Loot" by protesters.

In 1989, Halliburton acquired another major engineering and construction contractor, C. F. Braun & Co., of Alhambra California, and merged it into Brown & Root.

From 1995-2002, Halliburton KBR was awarded at least \$2.5 billion to construct and run military bases, some in secret locations, as part of the Army's Logistics Civil Augmentation Program (LOGCAP).

The extent of their services included a vast array of logistical operations historically under the jurisdiction of the military. Such operations included laundry services, meal services (dining halls), entertainment (Internet and cable access), and recreation (basketball courts and gym equipment).

In September 2005, under a competitive bid contract it won in July 2005 to provide debris removal and other emergency work associated with natural disasters, KBR started assessment of the cleanup and reconstruction of Gulf Coast Marine and Navy facilities damaged in the aftermath of Hurricane Katrina. The facilities include: Naval Station Pascagoula, Naval Station Gulfport, the John C. Stennis Space Center in Mississippi, two smaller US Navy facilities in New Orleans, Louisiana and others in the Gulf Coast region. KBR has had similar contracts for more than 15 years.

Formation of KBR, Inc.

Halliburton announced on April 5, 2007 that it had finally broken ties with KBR, which has been its contracting, engineering and construction unit as a part of the company for 44 years. The move was prefaced by a statement registered with the United States Securities and Exchange Commission on April 15, 2006 stating that Halliburton planned to sell up to 20 percent of its KBR stock on the New York Stock Exchange (NYSE). On November 16, 2006, KBR shares were offered for the public in an Initial Public Offering with shares priced at \$17. The shares closed on the first day up more than 22 percent to \$20.75 a share.

On May 7, 2008, the company announced that it would acquire Birmingham, Alabama-based engineering and construction firm BE&K for \$550 million. BE&K plans to remain headquartered in Birmingham.

In January 2010 KBR announced plans to extend its lease and expand its presence in downtown Houston. The downtown expansion will replace previously announced plans to develop a KBR campus in West Houston. The new total of KBR leased space in downtown will be just over 1.2 million square feet at completion.

Kosovo

In 1996, Brown & Root was awarded a contract to support US and North Atlantic Treaty Organization (NATO) troops as part of the SFOR operation in the Balkan region. This contract was extended to also include KFOR operations in Kosovo starting in 1999. Camp Bondsteel in Kosovo was constructed by the 94th Engineer Construction Battalion together with the private Kellogg Brown & Root (KBR) under the direction of the Army Corps of Engineers. KBR is also the prime contractor for the operation of the camp. The camp is built mainly of wooden, semi permanent SEA (South East Asia) huts and is surrounded by a 2.5 meter high earthen wall. To construct the base two hills were lopped off and the valley between them was filled with the resulting material.

Afghanistan

KBR was awarded a \$100 million contract in 2002 to build a new US embassy in Kabul, Afghanistan, from the State Department.

KBR has also been awarded 15 Logistics Civil Augmentation Program (LOGCAP) task orders worth more than \$216 million for work under Operation Enduring Freedom, the military name for operations in Afghanistan. These include establishing base camps at Kandahar and Bagram Air Base and training foreign troops from the Republic of Georgia.

Cuba

KBR has also been actively involved in the development of works in Cuba. Most notably sections of the US Naval base in Guantanamo completed in 2006. Camp 6, the newest facility built for detainees at Naval Station Guantanamo Bay, is designed after a maximum-security penitentiary in the US

Iraq

KBR employs more American private contractors and holds a larger contract with the US government than does any other firm in Iraq. The company's roughly 14,000 US employees in Iraq provide logistical support to the US armed forces.

The United States Army hired KBR to provide housing for approximately 100,000 soldiers in Iraq in a contract worth \$200 million, based on a long-term contract signed in December 2001 under the Logistics Civil Augmentation Program (LOGCAP). Other LOGCAP orders have included a pre-invasion

order to repair oil facilities in Iraq; \$28.2 million to build POW camps; and \$40.8 million to accommodate the Iraqi Survey Group, which was deployed after the invasion to find weapons of mass destruction.

Controversies:

Political connections and corruption

Brown and Root had a well-documented relationship with US President Lyndon Johnson, which began when he used his position as a Texas congressman to assist them in landing a lucrative dam contract. In return they gave him the funds for his 1948 Senate race against Coke R. Stevenson. The relationship continued for years, with Johnson awarding military construction contracts to B&R.

Following the end of the first Gulf War, the Pentagon, led by then Defense Secretary Dick Cheney, paid Halliburton subsidiary Brown & Root Services over \$8.5 million to study the use of private military forces with American soldiers in combat zones.

Some controversy arose in February 1999 when KBR was awarded a substantial contract to provide emergency support to US military operations in the Balkans, despite DynCorp having been awarded a contract, known as LOGCAP II, in 1994 to provide emergency support in exactly these sort of circumstances.

RIO, or Restore Iraqi Oil, was awarded to KBR without competition when the United States Department of Defense determined that KBR was "*the only contractor that could satisfy the requirement for immediate execution of the plan*". As of September 2006, hearings were still being conducted into the RIO project over possible billing, management, and procurement violations.

Another prime topic of interest is the Defense Contract Audit Agency (DCAA) report on billing- methods for meals. The auditors knew about, but disregarded, the Army's requirement, whereas KBR was directed to have varying amounts of meals prepared at certain locations regardless of how many people actually used the service. Although KBR was paying for the food, the DCAA did not believe they should be able to charge the DoD for meals prepared but not served.

In June 2008, Charles M. Smith, the senior civilian Defense Department official overseeing the government's multibillion-dollar contract with KBR during the early stages of the war in Iraq said he was forced out of his job in 2004 for refusing to approve \$1 billion in questionable charges to KBR. Smith refused to approve the payments because Army auditors determined that KBR lacked credible records to support more than \$1 billion in spending. Smith stated, "They had a gigantic amount of costs they couldn't justify." He said that following his action he was suddenly dismissed and according to media "his successors — after taking the unusual step of hiring an outside contractor to consider KBR's claims — approved most of the payments he had tried to block."

Shell companies in Cayman Islands

In March 2008, the *Boston Globe* reported that KBR had avoided paying hundreds of millions of dollars in federal Medicare and Social Security taxes by hiring workers through shell companies based in the tax haven of the Cayman Islands. More than 21,000 people working for KBR in Iraq - including about 10,500 Americans - are listed as employees of two companies, Service Employers International Inc., and Overseas Administrative Services, which exist on the island only in computer files in an office. KBR acknowledged that the companies were set up "in order to allow us to reduce certain tax obligations of the company and its employees." But KBR does claim the workers as its own with regards to the legal immunity extended to employers working in Iraq.

Bribing Nigerian officials

On February 6, 2009, the Justice Department announced KBR had been charged with paying "tens of millions of dollars" in bribes to Nigerian officials in order to win government contracts, in violation of the Foreign Corrupt Practices Act. A 22-page document filed in a Houston federal court alleged massive bribes in connection with the construction of a natural gas plant on Bonny Island requiring \$7.5bn USD. KBR officials had no comment. KBR was found guilty and ordered to pay \$420m USD in penalties. Former CEO Albert Jackson Stanley, who ran KBR when it was a subsidiary to Halliburton, agreed to be sentenced to 7 years in prison via plea agreement.

Waxman allegations

The Army's actions came under fire from California Congressman Henry Waxman, who, along with Michigan Congressman John Dingell, asked the General Accounting Office to investigate whether the US Agency for International Development and The Pentagon were circumventing government contracting procedures and favoring companies with ties to the Bush administration. They also accused KBR of inflating prices for importing gasoline into Iraq. In June 2003, the Army announced that it would replace KBR's oil-infrastructure contract with two public-bid contracts worth a maximum total of \$1 billion, to be awarded in October. However, the Army announced in October it would expand the contract ceiling to \$2 billion and the solicitation period to December.

As of October 16, 2003, KBR had performed nearly \$1.6 billion worth of work. In the meantime, KBR has subcontracted with two companies to work on the project: Boots & Coots, an oil field emergency response firm that Halliburton works in partnership with (CEO Jerry L. Winchester was a former Halliburton manager) and Wild Well Control. Both firms are based in Texas.

Professional negligence

KBR's maintenance work in Iraq has been criticized after reports of soldiers electrocuted from faulty wiring. Specifically, KBR has been charged by the Army for improper installation of electrical units in bathrooms throughout US bases. CNN reported that an Army Special Forces soldier, Staff Sergeant Ryan Maseth, died by electrocution in his shower stall on January 2, 2008. Army documents showed that KBR inspected the building and found serious electrical problems a full 11 months before his death. KBR noted "several safety issues concerning the improper grounding of electrical devices." But KBR's contract did not cover "fixing potential hazards;" It covered repairing items only after they broke down. Maseth's family has sued KBR. In January 2009, the US Army CID investigator assigned to the case recommended that Maseth's official cause of death should be changed from "accidental" to "negligent homicide". KBR supervisors were blamed for failing to ensure electrical and plumbing work were performed by qualified employees, and for failure to inspect the work. In late January 2009, the Defense Contract Management Agency handed down a "Level III Corrective Action Request" to KBR. This is disseminated after a contractor is found being in a state of "serious noncompliance," and is one step from suspending or terminating a contract. Despite these issues, KBR was recently awarded a \$35 million contract for major electrical work.

Employee safety

As of June 9, 2008, 81 American and foreign KBR employees and subcontractors have been killed, and more than 380 have been wounded by hostile action while performing services under the company's government contracts in Iraq, Afghanistan and Kuwait. Family members of injured or killed employees have sued the company in relation to the 2004 Iraq KBR convoy ambush.

Sexual assault and abuse

Jamie Leigh Jones testified at a Congressional hearing that she had been gang-raped by as many as seven co-workers in Iraq in 2005 when she was an employee of KBR, and then falsely imprisoned in a

shipping container for 24 hours without food or drink. KBR was a subsidiary of Halliburton at the time. Jones and her lawyers said that 38 women have contacted her reporting similar experiences while working as contractors in Iraq, Kuwait, and other countries. On September 15, 2009, the 5th Circuit Court of Appeals ruled in favor of Jones, in a 2 to 1 ruling, and found that her alleged injuries were not, in fact, in any way related to her employment and thus, not covered by the contract.

Jamie Leigh Jones's case led Senator Al Franken to propose an amendment to the defence appropriations bill, which was passed in October 2009, to allow employees of firms with government contracts access to the courts.

Mary Beth Kineston, an Ohio truck driver, said she was sexually harassed and groped by several KBR employees, and was later fired after reporting to the company the threats and harassment endured by female employees.

Jo Frederiksen, another female employee, filed a law suit against the company for allegedly being "inappropriately touched, stalked, intimidated and verbally harassed" during her time with the firm in 2003. According to Frederiksen, after she complained to the firm she was moved to an even more hostile location while some of her abusers were promoted. The lawsuit claimed "women are second-rate citizens provided for the pleasure of men" at the firm. Frederiksen also alleged a lack of oversight to "rampant illicit criminal behavior" related to prostitution and human trafficking by other KBR employees.

Human trafficking lawsuit

On August 28, 2008, defense contractor KBR, Inc. and a Jordanian subcontractor were accused of human trafficking in a federal lawsuit filed in Los Angeles. The suit alleged that 13 Nepali men were recruited by Daoud & Partners to work in hotels and restaurants in Jordan, but upon arrival all 13 men had their passports seized by the contractor and were sent to Iraq to work on the Al-Asad US air base. Twelve of the employees were abducted when their unprotected convoy was attacked by a group calling itself the Army of Ansar al-Sunna, while enroute to the base. Shortly thereafter, a video was released of one of the men being beheaded and the other 11 shot. The remaining employee, Buddi Prasad Gurung, claims to have been held against his will for 15 months, during which time he was forced to work at the base. Reuters quoted attorney Matthew Handley as saying, "It doesn't appear that any of them knew they were going to Iraq". KBR made no public comment on the lawsuit, but released a statement which stated in part that it, "in no way condones or tolerates unethical or illegal behaviour".

"Burn pits" lawsuits

More than 20 federal lawsuits naming KBR and seeking class-action status were filed in late 2008 and 2009 over the practice of operating "burn pits" at US bases in both Iraq and Afghanistan and thus exposing soldiers to smoke containing dioxin, asbestos and other harmful substances. The pits are said to include "every type of waste imaginable," with items such as "tires, lithium batteries, Styrofoam, paper, wood, rubber, petroleum-oil-lubricating products, metals, hydraulic fluids, munitions boxes, medical waste, biohazard materials (including human corpses), medical supplies (including those used during smallpox inoculations), paints, solvents, asbestos insulation, items containing pesticides, polyvinyl chloride pipes, animal carcasses, dangerous chemicals, and hundreds of thousands of plastic water bottles."

A company statement responding to the allegations said that "at the sites where KBR provides burn pit services, the company does so... in accordance with the relevant provisions" of its contracts as well as "operational guidelines approved by the Army."

B) Halliburton

Halliburton (NYSE: HAL) is an oilfield services corporation with operations in more than 70 countries. It has close to 300 subsidiaries, affiliates, branches, brands and divisions worldwide.

The company has its headquarters in the North Belt office in Houston, Texas, and in offices in Dubai, United Arab Emirates (opened March, 2007) where Chairman and CEO David J. Lesar works and resides, "to Focus [the] Company's Eastern Hemisphere Growth." The company will remain incorporated in the United States.

Halliburton's major business segment is the Energy Services Group (ESG). ESG provides technical products and services for petroleum and natural gas exploration and production.

Halliburton's former subsidiary, KBR, is a major construction company of refineries, oil fields, pipelines, and chemical plants. Halliburton announced on April 5, 2007 that it had finally broken ties with KBR, which had been its contracting, engineering and construction unit as a part of the company for 44 years.

At a meeting for investors and analysts in August 2004, a plan was outlined to divest the KBR division through a possible sale, spin-off or initial public offering. Analysts at Deutsche Bank value KBR at up to \$2.15 billion, while others believe it could be worth closer to \$3 billion by 2005. KBR became a separately listed company on 5 April 2007.

1990s

Following the end of Operation Desert Storm in February 1991, the Pentagon, led by then Defense Secretary Dick Cheney, paid Halliburton subsidiary Brown & Root Services over \$8.5 million to study the use of private military forces with American soldiers in combat zones.

Thomas H. Cruikshank, who served as chairman and CEO from 1989 until 1995, was replaced by Dick Cheney.

In the aftermath of Operation Desert Storm, Halliburton crews helped bring 725 burning oil wells under control in Kuwait.

In the early 1990s Halliburton was found to be in violation of federal trade barriers in Iraq and Libya, having sold these countries dual-use oil drilling equipment and, through its former subsidiary, Halliburton Logging Services, sending six pulse neutron generators to Libya. After having pleaded guilty, the company was fined \$1.2 million, with another \$2.61 million in penalties.

In the Balkans conflict in the 1990s, Kellogg Brown-Root (KBR) supported US peacekeeping forces in Bosnia and Herzegovina, Croatia and Hungary with food, laundry, transportation and other lifecycle management services.

In 1998 Halliburton merged with Dresser Industries, which included Kellogg. Prescott Bush was a director of Dresser Industries, which is now part of Halliburton. Former United States president George H. W. Bush worked for Dresser Industries in several positions from 1948–1951, before he founded Zapata Corporation

2000s

In 2001 *The Wall Street Journal* reported that a subsidiary of Halliburton Energy Services called Halliburton Products and Services Ltd. (HPS) opened an office in Tehran. The company, HPS, operated on the ninth floor of a new north Tehran tower block. Although HPS was incorporated in the Cayman Islands in 1975 and is "non-American", it shares both the logo and name of Halliburton Energy Services and, according to Dow Jones Newswires offers services from Halliburton units worldwide through its Tehran office. Such behavior, undertaken while Cheney was CEO of Halliburton, may have violated the Trading with the Enemy Act. A Halliburton spokesman, responding to inquiries from

Dow Jones, said "This is not breaking any laws. This is a foreign subsidiary and no US person is involved in this. No US person is facilitating any transaction. We are not performing directly in that country." Later Dave Lesar would book his own flights to the Teheran office through the UK arm of KBR. No legal action has been taken against the company or its officials.

In April 2002, KBR was awarded a \$7 million contract to construct steel holding cells at Camp X-Ray.

From 1995–2002, Halliburton Brown & Root Services Corp was awarded at least \$2.5 billion but has spent considerably less to construct and run military bases, some in secret locations, as part of the Army's Logistics Civil Augmentation Program. This contract was a cost plus 13% contract and BRS employees were trained on how to pass GAO audits to ensure maximum profits were attained. It was also grounds for termination in the Balkans if any BRS employee spoke of Dick Cheney being CEO. BRS was awarded and re-awarded contracts termed "non-competitive" due to BRS being the only company capable to pull off the missions. DYNACORP actually won the competitively let 2nd contract but never received any work orders in the Balkans.

In November 2002, KBR was tasked to plan oil well firefighting in Iraq, and in February 2003 was issued a contract to conduct the work. Critics contend that it was a no-bid contract, awarded due to Dick Cheney's position as Vice President. Concern was also expressed that the contract could allow KBR to pump and distribute Iraqi oil. Others contend, however, that this was not strictly a *no-bid contract*, and was invoked under a contract that KBR won "in a competitive bid process." The contract, referred to as LOGCAP, is a contingency-based contract that is invoked at the convenience of the Army. Because the contract is essentially a retainer, specific orders are not competitively bid (as the overall contract was).

In May 2003, Halliburton revealed in SEC filings that its KBR subsidiary had paid a Nigerian official \$2.4 million in bribes in order to receive favorable tax treatment.

In October 2004, Halliburton opened a new 250,000-square-foot (23,000 m²) facility on 35 acres (140,000 m²), replacing an older facility that opened in 1948, in Rock Springs, Wyoming. With over approximately 500 employees, Halliburton is one of the largest private employers in Sweetwater County.

On January 24, 2006 Halliburton's subsidiary KBR (formerly Kellogg, Brown and Root) announced that it had been awarded a \$385 million contingency contract by the Department of Homeland Security to build "temporary detention and processing facilities" or internment camps. According to Business Wire, this contract will be executed in cooperation with the US Army Corps of Engineers, Fort Worth District. Critics point to the Guantanamo Bay detention camp as a possible model. According to a press release posted on the Halliburton website, "The contract, which is effective immediately, provides for establishing temporary detention and processing capabilities to augment existing Immigration and Customs Enforcement (ICE) Detention and Removal Operations (DRO) Program facilities in the event of an emergency influx of immigrants into the US, or to support the rapid development of new programs. The contingency support contract provides for planning and, if required, initiation of specific engineering, construction and logistics support tasks to establish, operate and maintain one or more expansion facilities."

On April 15, 2006, Halliburton filed a registration statement with the Securities and Exchange Commission to sell up to 20 percent of its KBR stock on the NYSE under the ticker symbol "KBR", as part of an eventual plan for KBR to be a separate company from Halliburton.

In 2007, Halliburton opened corporate headquarters in Dubai, United Arab Emirates; also completed spin-off of KBR (Kellogg, Brown & Root) engineering and construction unit.

In February, 2008, a hard disk and two computers containing classified information were stolen from Petrobras while in Halliburton's custody. Allegedly, the content inside the stolen material, was data on the recently discovered Tupi oil field. Initial police inquiries suggest that it could be a common container theft operation. The container was a ramshackle in complete disorder indicating that thieves were after "valuables and not only laptops", said an expert consulted by the daily newspaper Folha de S. Paulo.

In 2008 Halliburton agreed to outsource its mission-critical information technology infrastructure to a Dallas/Fort Worth Metroplex data center operated by CyrusOne Networks LLC.

Halliburton is the only company mentioned by Osama bin Laden in an April 2004 tape in which he claims that "this is a war [in Afghanistan] that is benefiting major companies with billions of dollars." Internet pundit John Burnett has described Halliburton's deals as recalling a Vietnam-Era controversy. He claims Vice President Cheney's ties to the company are reminiscent of President Lyndon B. Johnson's relationships with Brown & Root.

Halliburton's \$2.5 billion "Restore Iraqi Oil" (RIO) contract was supposed to pay for itself as well as reconstruction of the entire country. Had the contract been fulfilled correctly, Iraq would be able to export much more oil from its northern oil fields. Instead, the oil fields are barely usable and access to international markets is severely limited. Halliburton's work on the pipeline crossing the Tigris River at Al Fatah was a critical failure. Against the advice of its own experts, Halliburton tried to dig a tunnel through a geological fault zone. The underground terrain was a jumble of boulders, voids, cobblestones and gravel impossible for the kind of drilling Halliburton planned. "No driller in his right mind would have gone ahead," said Army geologist Robert Sanders when the military finally sent people to inspect the work.

Involvement in the Iraq war

In recent years the company has become the object of several controversies involving the 2003 Iraq War and the company's ties to Former US Vice President Dick Cheney. Cheney retired from the company during the 2000 US presidential election campaign with a severance package worth \$36 million. As of 2004, he had received \$398,548 in deferred compensation from Halliburton while Vice President. Cheney was chairman and CEO of Halliburton Company from 1995 to 2000 and has received stock options from Halliburton.

Bunnatine Greenhouse, a civil servant with 20 years of contracting experience, had complained to Army officials on numerous occasions that Halliburton had been unlawfully receiving special treatment for work in Iraq, Kuwait and the Balkans. Criminal investigations were opened by the US Justice Department, the Federal Bureau of Investigation (FBI) and the Pentagon's inspector general.

In one of the many examples of abuse, Greenhouse said that military auditors caught Halliburton overcharging the Pentagon for fuel deliveries into Iraq. She also complained that Defense Secretary Donald Rumsfeld's office took control of every aspect of Halliburton's \$7 billion Iraqi oil/infrastructure contract. After her testimony, Greenhouse was demoted for poor performance. Greenhouse's attorney, Michael Kohn, stated in the New York Times that "she is being demoted because of her strict adherence to procurement requirements and the Army's preference to sidestep them when it suits their needs." Lt. Gen. Carl A. Strock asserted the contrary.

Response by Halliburton

In November 2006, Halliburton began unloading its stake in KBR, its major subsidiary, and by February 2007 had completely sold off the subsidiary. In June 2007, several days after Stewart Bowen, the Special Inspector General, released a new report, the Army announced that KBR would share another \$150 billion contract with two other contractors, Fluor and Dyncorp, over the next ten years.

Environmental and safety record

In 2002 a Toxics Release Inventory (TRI) reports were done to see if chemicals being emitted were harmful to people from Halliburton's Harris County, Texas facility. The facility had 230 TRI air releases in 2001 and 245 in 2002.

On June 7, 2006 Halliburton's Farmington, New Mexico facility created a toxic cloud that forced people to evacuate from their homes.

Employee safety

In accordance with the law of armed conflict and to maintain non-combatant status, Halliburton does not arm its truck drivers, who in Iraq are often the target of insurgent attacks. In one case, on September 20, 2005, a Halliburton convoy of four trucks was ambushed north of Baghdad. All four trucks were struck by improvised explosive devices and were disabled. Their US National Guard escort was thought to have abandoned the disabled vehicles, leaving the drivers defenseless. Three of the four truck drivers were executed by the insurgents while the surviving driver, Preston Wheeler, caught the event on video. Although the trucks had military camouflage paint, there were only civilians driving them. It was 45 minutes before the US military arrived again at the scene. However, in a statement by senior military officials in Iraq, an investigation revealed that troops did not abandon the civilians and were exiting the "kill zone" during the ambush.

3.6 MPRI

MPRI (Military Professional Resources Inc.) is a private military contractor that provides a wide range of services to both public and private customers, most notably the United States Department of Defense. MPRI specializes in various professions such as law enforcement, security, military training, logistics, etc. By its own account MPRI operates in over 40 countries. The firm is based in Alexandria, Virginia.

A member of International Peace Operations Association (IPOA), MPRI was founded in 1987 by eight ex-officers of the United States Army. It was sold to L-3 Communications in June 2000 for \$40 million. In 2004, MPRI bought Civilian Police International. The firm also serves as additional reinforcements in US bases in Korea.

Management

MPRI's President, retired General Carl E. Vuono, served as Army chief of staff during the Gulf War and the US invasion of Panama. The Vice President of the firm, General Ronald H. Griffith is a former Army vice chief of staff. Other top executives include General Crosbie E. Saint, former commander of the US Army in Europe; and Lt. General Harry E. Soyster, former head of the Defense Intelligence Agency. This concentration of experience makes MPRI and other firms like it quite influential. Former Secretary of State Colin Powell described General Vuono as "one of my dearest friends."

Training

MPRI recently used retired military, and current National Guard or reservists, to run R.O.T.C. (Reserve Officer Training Corps) programs at more than 200 universities. They now have employees running Army recruitment centers across the country, and training US soldiers. With major offices in other countries, employees also have trained foreign armies at ranges in Bosnia and Herzegovina, Iraq, Kuwait, and South Africa. MPRI reassures their clients with services from teams of military leaders, law enforcement officers, strategic analysts, disaster management experts, and diplomatic and private sector leaders. Local forces in Croatia were referred to MPRI by The Pentagon and used their training. 120 African leaders and more than 5,500 African troops have been trained by MPRI on security issues. General Vuono commanded and participated in a training center which produced the military doctrine AirLand Battle 2000. This doctrine was used in 1990 for Operation Desert Storm and in 1995 for Operation Storm. MPRI started training the Army of the Republic of Bosnia and Herzegovina for \$140 million, after 1995 when the Dayton Accords had been established. In April 1995, Democracy Transition Assistance Program (DTAP) training began out of "Petar Zrinski" military school in Zagreb.

Simulation

MPRI recently acquired GEDD (GE Driver Development) and Ship Analytics, two companies renowned for Driving Simulations products. Now, MPRI contracts to both local police forces and the US Government. Among their products are the PatrolSim IV, FireSim, TranSim VS IV, and Mark III.

Traditionally, law enforcement agencies conduct driver training using EVOC (Emergency Vehicle Operations Course) programs. These behind-the-wheel courses teach critical driving skills, such as steering and braking techniques. However, more and more agencies are turning to law enforcement driving simulators, such as the PatrolSim series by MPRI as a way to enhance their existing programs. Professionals at the Rapter Lab at University of Central Florida's Institute for Simulation and Training state that driving simulators are well-suited for teaching the cognitive skills required for decision making.

The PatrolSim series of simulators consists of a life-size driver's seat with a seatbelt. The dashboard is a realistic mock-up of a Crown Victoria (the law enforcement vehicle of choice for most agencies), which also includes working signals, levers, gas and brake pedals, and ventilation systems. A conventional center console houses the lights and siren unit. The three-channel plasma screens offer 180° views of high-resolution graphics. Other features include force-loaded steering to provide real-time feedback of situations like tire blowouts and collision-avoidance. An After Action Review (AAR) is facilitated through analysis of recorded sessions and review of captured video. Instructors are given complete control of the exercise through the touch-screen operator console, SimCommander. MPRI includes scenario-building software with their simulators. This enables instructors to create custom targeted training scenarios allowing trainees to focus on weak skills.

There are several advantages of using driving simulators in law enforcement driver training. Simulators give the ability to create customized operator-controlled scenarios. This facilitates the ability to create consistent, repetitive scenarios to increase proficiency. Simulator operators are also able to include weather conditions such as rain, ice, snow and darkness that are not typically experienced in traditional EVOC training tracks. By practicing high-risk maneuvers in a simulator, there is less wear and tear on agency vehicles and increased safety in training.

With advantages, come disadvantages as well. Non-motion simulators lack physical forces acting on the driver, such as G-force, yaw, pitch, roll, or braking force. The absence of these forces diminishes the physical reality of the scenario.

These disadvantages are outweighed by the advantages as demonstrated in the following cases: From 1998-2003, the Philadelphia Police Department saw police-involved collisions decrease by 23%. In one year, the San Antonio Police Department saw a decrease in intersection collisions decrease by 75%. The National Highway Transportation Safety Board states that one hour spent in the simulator is equal to eight hours on a driving track.

With the efficient use of vehicle and time resources, driving simulation has evolved into a viable option for law enforcement agencies. MPRI has positioned itself as a leader in the driver training simulation industry and is a company trusted by law enforcement agencies. This point is punctuated by the fact that the Federal Law Enforcement Training Center (FLETC), an interagency training organization for more than 80 federal agencies, as well as state, local and international law enforcement agencies, has purchased 43 PatrolSim driver training simulators from MPRI in the past two years. FLETC has 40 PatrolSim simulators installed at their state of the art training facility in Glynco, Georgia, and three installed at their Cheltenham, Maryland facility. The rapid advancement of technologies provided by MPRI augments driver training programs used by these agencies.

Contracts

MPRI's parent company, L-3 Communications, had more than a dozen lobbyists working on its behalf, including Linda Daschle, wife of former Senate Minority Leader Tom Daschle. Last year L-3 won \$1.7 billion in Defense Department contracts.

In the early 1990s, MPRI gained a 5-year contract with the US State Department involving the shipment of donated medical supplies and food to former Soviet states.

1994 brought two contracts for MPRI. One, code named "Drina River Mission", with Serbia to block Bosnian and Krajina Serbs at their borders. The other dealing with the Democracy Transition Assistance Program (DTAP)

In 1998, the government of Equatorial Guinea asked MPRI to evaluate its defense systems, particularly its need for a coast guard to protect its oil reserves. In order to take the job, MPRI needed a license from the US State Department. The Clinton administration rejected the request, citing the West African nation's deplorable human rights record of torturing and murdering political dissidents.

MPRI dispatched company officials to work the hallways of the Pentagon, State Department, and Capitol in order to obtain the licence. In 2000, the State Department did an about-face and issued a license to MPRI. MPRI refuses to reveal the terms of its contract with Equatorial Guinea.

In 1999 MPRI signed an 18 month, \$4.3 million contract to work with military in Colombia on the drug war. The contract expired in March 2001 and was not renewed because the Colombian Defense Ministry and its officers were upset by recommendations such as "Hit the enemy with a closed fist; do not poke at him with fingers of an open hand." (Note: This is a maxim of World War II German General Heinz Guderian).

According to a recent United States Department of Defense census MPRI has at least 500 employees working in Iraq on 12 different contracts including mentoring civilian workers at the Iraqi Defense Ministry headed by Qadir Obeidi.

In March 2005, MPRI was awarded a \$400 million contract to train police in Iraq and elsewhere. Two months later, MPRI set up a company in Bermuda to which it then sub-contracted much of the work for the contract in order to avoid US social security and Medicare taxes. The company had earlier done the same thing in the Cayman Islands after sharing in the award of a \$1.6 billion contract to train peacekeepers in Kosovo and elsewhere.

3.7 Titan Corporation

Titan Corporation was a United States based company founded in 1981, with its headquartered in San Diego, California. It was acquired by L-3 Communications on June 3, 2005 and is currently operating as the "Titan Group" of L-3 Communications. In early 2007, divisions using the Titan Group name were internally told to stop using it and were given new names.

Titan specialized in providing information and communications products, solutions, and services for intelligence agencies and the Department of Homeland Security. Titan provided information systems solutions, support services and communications products to the Federal Government, especially to the Departments of Defense and Homeland Security.

In recent years, like many other defense companies, Titan diversified through a series of acquisitions, 10 since 2000 alone. The firm got into the linguistic business in the wake of 9/11 by acquiring Fairfax, Va.-based BTG Inc., which had a \$10 million military contract dating back to 1999. When the demand for linguists grew after the United States launched the war on terror, so did the size of Titan's contracts.

Contracts received

Titan was hired by the US military in 2003 to provide translation services, receiving \$112.1 million. This accounted for 96 percent of its total revenue for 2003, according to its annual report. The company had 12,000 employees worldwide, with annual revenues in the neighborhood of \$2 billion and was traded on the NYSE as TTN.

Titan has a \$54.8 million contract with the Airborne Warning and Control System to support the development of spy planes. They also have an \$18 million contract to design war games for the US Navy.

Titan received a competitive contract with a potential value of \$163.9 million from the US Army Space and Missile Defense Command on behalf of the US Northern Command for the US Joint Task Force Civil Support on January 12, 2005. The contract is "to provide a full range of planning, analysis, exercise, and information technology services for Chemical, Biological, Radiological, Nuclear, and High-Yield Explosive (CBRNE) Consequence Management operations," a Titan press release announced.

Titan announced on February 14, 2006, they had received a "\$350 million, five-year, multiple award, indefinite-delivery, indefinite-quantity (ID/IQ) task-based contract" from the Department of Homeland Security to support the National Exercise Program.

Legal situations

As a public military contractor the company employed some of the personnel who were implicated in the prisoner abuse scandal at Abu Ghraib prison in 2004. Involving mostly Titan and CACI International employees, the US Army "found that contractors were involved in 36 percent of the Abu Ghraib proven incidents and identified 6 employees as individually culpable", although none have faced prosecution unlike US military personal.

In May 2004, a civilian contractor and Titan employee Adel Nakhla, an Egyptian-born American citizen, was "terminated" from the job, after he admitted he held down inmates that were "nude, handcuffed to each other and placed in sexual positions." (as described by the Taguba Report).

The company was in the process of being acquired by the Lockheed Martin Corporation but the attempted merger fell through on June 26, 2004:

Lockheed Martin Corporation announced that it has terminated the merger agreement with The Titan Corporation because Titan did not satisfy all the closing conditions on or before June 25, 2004. Under the terms of the amended merger agreement, either party could terminate the merger agreement if Titan either (i) had not obtained written confirmation from the Department of Justice that the investigation of alleged Foreign Corrupt Practices Act (FCPA) violations was resolved as to Titan and the Department did not intend to pursue any claims against Titan; or (ii) Titan had not entered into a plea agreement on or prior to June 25, 2004, provided that the terminating party had not contributed to the failure to consummate the merger through a breach of its obligations in any material respect. Titan did not satisfy either requirement.

On March 2, 2005, the company admitted to illegally providing \$2 million to the 2001 re-election campaign of President Mathieu Kérékou of Benin, and agreed to pay \$28 million in penalties. Titan pled guilty and paid the largest penalty under the Foreign Corrupt Practices Act in history for bribery and filing false tax returns.

Titan Corp briefly partnered with SkyWay Communications and owned stock in several other corporations related to SkyWay, whose former DC9 aircraft, N900SA, was captured in April 2006 with 5.5 tons of cocaine on board. Investigation of the cocaine bust by Mad Cow Morning News has led to the discovery that Titan had employed Makram Chams, a Lebanese national, who owned a Kwik-Check convenience store in Venice, Florida, where the biggest overseas money transfer to the terrorists, \$70,000 from the UAE, was sent, according to the testimony of FBI agents during the 9/11 Commission hearings.

4. Important events involving Private Military Companies

4.1 Executive Outcomes in Angola

Executive Outcomes was a private military company founded in South Africa by former Lieutenant-Colonel of the South African Defence Force Eeben Barlow in 1989. It later became part of the South African-based holding company Strategic Resource Corporation.

Lt-Col. Eeben Barlow is a former member of the apartheid-era South African Defence Force and was the second-in-command of its elite special forces 32 Battalion Reconnaissance Wing. He later served in Military Intelligence as an agent handler and later as an operative and region commander in the ultra-secret Civil Cooperation Bureau (CCB), a covert division of Special Forces. He founded the private military contractor (PMC) Executive Outcomes (EO) in 1989, and was involved in providing counter-insurgency as well as peacekeeping forces to mainly under-developed — but mineral-rich — countries in Africa and Asia. Barlow left Executive Outcomes in mid-1997 and the company closed its doors on 31 December 1998.

Executive Outcomes (EO) provided military personnel, training and logistical support to officially recognized governments only. However, they were often accused of providing the military strength for corporations to control natural resources in failed states or conflict-ridden areas. Where assistance was given to corporations in conflict areas, EO claims to have had the host government's approval to provide such assistance.

Mission statement

Executive Outcomes' mission statement was described by the company as :

- To provide a highly professional and confidential military advisory service to legitimate governments.
- To provide sound military and strategic advice.
- To provide the most professional military training packages currently available to armed forces, covering aspects related to sea, air, and land warfare.
- To provide advice to armed forces on weapon and weapon platform selection.
- To provide a total apolitical service based on confidentiality, professionalism, and dedication.

Background

In 1989, following the conclusion of South African Border Wars in Angola and Namibia, the apartheid regime in South Africa was beginning to dissolve. The South African Defence Force was looking at broad cuts in its personnel. African National Congress leader Nelson Mandela demanded that then South African President Frederik Willem de Klerk dismantle some of the South African and South-West African Special Forces units such as 32 Battalion, Koevoet and the Reconnaissance Regiments. One of these was the Civil Cooperation Bureau (CCB), a unit that carried out covert operations which included assassinations of government opponents, and worked to bypass the United Nations apartheid sanctions by setting up overseas front companies.

Only Koevoet — being part of the South West African Police (SWAPOL) — was disbanded as part of independence negotiations for South-West Africa (now Namibia). Many members of the other units, or simply former national servicemen, were recruited by Executive Outcomes (EO).

Formation

Eeben Barlow, formerly in charge of the Western European section of the CCB, established Executive Outcomes (EO) in 1989. Its aim was to provide specialised covert training to Special Forces members. Barlow was also awarded a contract by Debswana to train a selected group of security officers to infiltrate and penetrate the illegal diamond dealing syndicates in Botswana. When Debswana discovered EO was training the Angolan Armed Forces (FAA), it promptly cancelled EO's contact.

Many of Barlow's Special Forces students would later join him at EO after he started recruiting men to assist with the training of the Angolan forces. Say's Walter Halicki one of Eeben's associates in the FAA.

The company also went on to recruit many of its personnel from the units President F. W. De Klerk disbanded. Within a short period, EO could boast of having 500 military advisers and over 3000 highly-trained military personnel at its disposal. Although EO was approached by many foreign soldiers for work, it only recruited men from South Africa who had either served in the SADF, Koevoet or the ANC's armed wing Umkhonto we Sizwe (MK).

Barlow registered Executive Outcomes Ltd in the UK on the insistence of the South African Reserve Bank.

Activities

Executive Outcomes initially trained SADF Special Forces in covert operations and intelligence gathering. He was also contracted to establish and train a covert group for the De Beers diamond company in Botswana Debswana with the aim of infiltrating and penetrating the illegal diamond-buying and smuggling syndicates.

In 1993, Barlow's Executive Outcomes was contracted to provide security for Ranger Oil in the northern Angolan town of Soyo where Ranger Oil were trying to recover drilling equipment stored on the harbour. The harbour, in turn, was under UNITA rebel control. To achieve this, Barlow recruited men who had been retrenched from the SADF elite units as well as Koevoet. Due to this contract, Executive Outcomes became a target for a campaign led mainly by South Africa's Military Intelligence Division, the Department of Foreign Affairs and the media.

Shortly thereafter, Executive Outcomes was awarded the contract to assist the Angolan Armed Forces (FAA) with training, strategic and tactical advice in an effort to end the war with UNITA. Despite a sustained negative campaign against it, Executive Outcomes accomplished its contract and within a year, UNITA had virtually been destroyed on the battlefield. This led to the signing of the Lusaka Protocols.

Executive Outcomes initially trained and later fought on behalf of the Angolan government against UNITA after UNITA refused to accept the election results in 1992. This contract was awarded to the company after EO had assisted Ranger Oil with an equipment recovery operation in the harbor town of Soyo. Dubbed by the South African media as an attempt to assassinate the rebel leader Dr. Jonas Savimbi, EO found itself under constant UNITA attacks where it lost three of its men. This action saw EO as being recognised by the FAA and a contract to train its forces was duly awarded. In a short space of time, UNITA was defeated on the battlefield and sued for peace. The Angolan government, under pressure from the UN and the USA, were forced to terminate EO's contract. EO was replaced by the UN's peacekeeping force known as UNAVEM. Angola returned to war shortly thereafter.

In March 1995, the company contained an insurrection of guerrillas known as the Revolutionary United Front (RUF) in Sierra Leone, regained control of the diamond fields, and forced a negotiated peace. In both these instances they are credited with rescuing the legitimate government in both countries from destabilizing forces. In the case of Angola this led to a cease fire and the Lusaka Protocol, which ended the Angolan civil war — albeit only for a few years. As is characteristic of one of the first Private Military Companies (PMCs), Executive Outcomes was directly involved militarily in Angola and Sierra Leone. The company was notable in its ability to provide all aspects of a highly-trained modern army to

the less professional government forces of Sierra Leone and Angola. For instance, in Sierra Leone, Executive Outcomes fielded not only professional fighting men, but armor and support aircraft such as a single Mi-24 Hind and two Mi-8 Hip helicopters, and the BMP-2 infantry fighting vehicle. It also possessed medevac capabilities for the wounded to airlift out of combat zones via Boeing 707 aircraft. These were bought from sources in the worldwide arms trade within Africa as well as Eastern Europe. Executive Outcomes had contracts with multinational corporations such as De Beers, Chevron, JFPI Corporation, Rio Tinto Zinc and Texaco. The governments of Angola, Sierra Leone, and Indonesia were also clients.

Key personnel

Apart from Eeben Barlow, other senior Executive Outcomes personnel were Lafras Luitingh and Nic van der Bergh.

Dissolution

EO actively encouraged the SA government to enforce a regulation of PMCs as several South African and international companies were masquerading for work under the banner of Executive Outcomes. Additionally, EO was actively engaged in providing input into the formulation of the bill which became known as "Regulation of Foreign Military Assistance Act" in 1998.

The aim of the Act was to stop mercenary activities by the dual actions of:

1. preventing direct participation as a combatant in armed conflict for private gain including the training, recruitment and use of mercenaries; and,
2. requiring approval of the National Conventional Arms Control Committee for offering of military assistance overseas.

EO was duly provided with a license stipulating that it met the requirements of the newly introduced Act. Executive Outcomes was then dissolved on 31 December 1998.

Many of the company's members went on to seek employment with other PMCs and PSCs such as Lifeguard, Sandline and Saracen. Despite numerous allegations in the media, these companies were never proven to be a reconstituted Executive Outcomes.

Executive Outcomes was often loosely linked with the United Kingdom private military company Sandline International, but in 1997 Sandline directly subcontracted Executive Outcomes for their operation in Papua New Guinea to oust the rebels holding the Pangua mine on Bougainville Island which led to the so-called "Sandline affair" when news of the government's intention to hire mercenaries was leaked to the Australian press.

The Commander of the Papua New Guinea Defence Force, Jerry Singirok - who had not been consulted - ordered the detaining of all the mercenaries on their arrival, and forced the Prime Minister Sir Julius Chan with Papua New Guinea coming close to a military coup.

4.2 Sandline International in Sierra Leone and Papua-New Guinea

Sandline International was a private military company based in London, established in the early 1990s. It was involved in conflicts in Papua New Guinea in 1997 (having a contract with the government under the then Prime Minister Julius Chan) causing the Sandline affair, in 1998 in Sierra Leone (having a contract with ousted President Kabbah) and in Liberia in 2003 (in a rebel attempt to

evict the then-president Charles Taylor near the end of the civil war). Sandline ceased all operations on 16 April 2004. On the company's website, a reason for closure is given:

The general lack of governmental support for Private Military Companies willing to help end armed conflicts in places like Africa, in the absence of effective international intervention, is the reason for this decision. Without such support the ability of Sandline to make a positive difference in countries where there is widespread brutality and genocidal behaviour is materially diminished.

Sandline was managed by former British Army Lt Col Tim Spicer. Sandline billed itself as a "Private Military Company" (PMC) and offered military training, "operational support" (equipment and arms procurement and limited direct military activity), intelligence gathering, and public relations services to governments and corporations. While the mass media often referred to Sandline as a mercenary company, the company's founders disputed that characterisation. It has been rumored that some, if not most of Sandline's personnel, are now part of Aegis Defence Services company.

The Sandline affair was a political scandal that became one of the defining moments in the history of Papua New Guinea, and particularly that of the conflict in Bougainville. It brought down the government of Sir Julius Chan, and took Papua New Guinea to the verge of military revolt. The event was named for Sandline International, an international, privately-owned paramilitary force.

After coming to power in mid-1994, Prime Minister Chan made repeated attempts to resolve the Bougainville conflict by diplomatic means. These were ultimately unsuccessful and he decided to resolve the conflict using military force.

His defence minister, Mathias Ijape, requested logistical assistance from Australia and New Zealand, in preparation for an assault on the island. However, both nations refused to provide any military assistance. The decision was then made to investigate the use of mercenaries. Through some overseas contacts, Ijape was put in contact with Tim Spicer OBE, an ex-Colonel in the Scots Guards, who had recently founded Sandline International, a company specialising in providing mercenaries to participate in conflicts.

Spicer attempted to persuade the head of the Papua New Guinea Defence Forces (PNGDF), Jerry Singirok, to support the purchase of a package of military equipment that he had previously discussed with Ijape. Singirok dismissed the idea, and concentrated on proceeding with a planned assault on the island. However, the operation was a dismal failure, and within six days, Papua New Guinean forces had retreated from the island.

Later that year, Spicer met the Deputy Prime Minister of Papua New Guinea, and convinced him of the benefits of using Sandline mercenaries to end the Bougainville conflict permanently, neutralise the Bougainville Revolutionary Army, and reopen the controversial copper mine at Panguna. While Singirok still refused to deal with Spicer, Haiveta invited him to visit the country and make an assessment of the situation. He did so in December 1996, and received US\$250,000 as a result. He estimated that Sandline mercenaries could do the job for a total of US\$36 million.

On January 8, 1997, Tim Spicer had his first meeting with Prime Minister Chan. Spicer succeeded in convincing Chan that Sandline could assist in retaking Bougainville before the upcoming elections. They agreed that Sandline would provide 40 special forces personnel to fight alongside PNGDF personnel. The US\$36 million was never voted upon by the full Cabinet of Parliament, but instead by the secretive National Security Council. Half was to be paid up front, with the other half to follow after completion of the mission. The money came from cutbacks to a number of ministries, including the education and health departments.

Sandline had subcontracted most of its crew for the Bougainville mission through Executive Outcomes, a South African mercenary provider. The first mercenaries arrived on February 7, 1997. After a week, a total of 44 had arrived. In the meantime, a series of meetings were undertaken between Deputy Prime Minister Haiveta, Tim Spicer, and several other figures, with regard to buying out CRA's stake in Bougainville Copper Limited, the owner of the Panguna mine, which was at the heart of the Bougainville conflict. On 19 February 1997, Prime Minister Chan mentioned to Australian Foreign Minister Alexander Downer that Papua New Guinea was bringing in mercenaries for "training purposes". Downer condemned the move, and was particularly opposed to their use on Bougainville.

On February 10, the move was leaked to The Australian newspaper. The immediate public stir in Australia was larger than Chan had expected. Over the next few days, the Australian government tried in vain to persuade the Papua New Guinean government not to proceed with the mercenary deal. On the night of March 16, 1997, the revolt of the Papua New Guinean military under leadership of Jerry Singirok began. By the time the night was over, the entire band of Sandline mercenaries had been disarmed and arrested but the political situation began to slip out of control and a military standoff quickly followed. The Australian government sent emissaries to Port Moresby, and threatened to withdraw financial aid altogether if the Sandline deal was not cancelled. Reluctantly, Chan cancelled the deal and announced an inquiry. On March 21, all Sandline's personnel, with the exception of Tim Spicer, who remained to give evidence to the enquiry, were withdrawn. Despite those moves riots occurred and the security situation continued to slip further out of the government's control until Prime Minister Chan's resignation.

4.3 The "Wonga-Coup" in Equatorial Guinea

A fictional portrait of mercenary operations in the 1970s is Frederick Forsyth's book, *The Dogs of War*, which was set on the island of Malabo - renamed "Zangaro" in the novel - and given a platinum deposit. Since the discovery of oil there in the mid-1990s, it does not need a fictional platinum deposit for it to be of interest to financiers and mercenaries. In August 2004 there was a plot, which later became known as the "Wonga Coup", to overthrow the government of Equatorial Guinea in Malabo.

The 2004 Equatorial Guinea coup d'état attempt was an alleged coup attempt against the government of Equatorial Guinea in order to replace President Teodoro Obiang Nguema Mbasogo with exiled opposition politician Severo Moto, carried out by mercenaries and organised by mainly British financiers. Equatorial Guinea has vast oil and gas reserves. One US official called it "the new Kuwait". Prosecutors alleged Equatorial Guinea's opposition leader, Severo Moto, was to be installed as the new president in return for preferential oil rights to corporations affiliated to those involved with the coup. It received international media attention after the reported involvement of Sir Mark Thatcher in funding the coup.

In 7 March 2004 Zimbabwean police in Harare airport impounded a plane which flew in from South Africa with 67 alleged mercenaries on board. On March 9, 2004 Nick du Toit and 14 other South African and Armenian men were arrested in Equatorial Guinea on suspicion of being the mercenaries' vanguard. The alleged plot leader ex-Special Air Service (SAS) officer Simon Mann, was arrested with two colleagues near the runway while waiting for arms to be loaded on a Boeing 727, carrying three crew and 64 former soldiers recruited in South Africa. The majority of those alleged to have been the mercenaries planning to carry out the coup are based in South Africa and ex-members of the 32 Buffalo Battalion, a notorious special force unit that fought for the South African apartheid regime. The marketing manager of Zimbabwe Defense Industries, Hope Mutize, said in court that Simon Mann had paid him a deposit on weapons worth \$180,000 (£100,000) in February 2004 and indirectly linked Mr Mann to the alleged plot by saying he was accompanied by a South African, Nick du Toit, the leader of the 14 men arrested in Equatorial Guinea. "They insisted they did not want any paperwork," Mr Mutize added. Legal sources said Mr Mann had cleared the deal with ZDI's managing director, Tshinga Dube. But news of the deal apparently leaked to the South African authorities, who tipped off Zimbabwean intelligence. Their arms requisition included 20 machine guns, 61 AK-47 assault rifles, 150 hand grenades, 10 rocket-propelled grenade launchers (and 100 RPG shells), and 75,000 rounds of ammunition. Mr Mann, 51, said he wanted the rifles, mortars and ammunition to guard JFPI Corporation-owned diamond mines in volatile parts of the Democratic Republic of Congo.

It was alleged that those arrested in Zimbabwe made a stopover in Harare city to buy weapons and expected to join a team in Equatorial Guinea to overthrow President Obiang. Nick du Toit, the leader of the group of arrested in Equatorial Guinea, said at his trial in Equatorial Guinea that he was recruited by Simon Mann and that he was helping with recruitment, acquiring weapons and logistics. He says he was told they were trying to install an exiled opposition politician, Severo Moto, as the new president.

In December 2003 and January 2004 two separate highly detailed reports of the planned coup were sent to two senior officers in British intelligence and to Michael Westphal, then senior colleague of Donald Rumsfeld. Britain was given a full outline of the coup plot, including the dates, details of arms shipments and key players, months before the coup was launched. Despite Britain's clear obligations under international law, Jack Straw failed to warn the government of Equatorial Guinea.

In August 25, 2004, The Hon. Sir Mark Thatcher, the son of the former Prime Minister of the United Kingdom, was arrested under anti-mercenary laws in South Africa after being accused of helping to finance the coup to remove President Obiang. On 13 January 2005, Mark Thatcher, in a South African court, pleaded guilty to helping finance a coup plot in Equatorial Guinea.

4.4 Important events involving PMCs in Iraq

Employees of private military company CACI and Titan Corp. were involved in the Iraq Abu Ghraib prison scandal in 2003, and 2004. The US Army "found that contractors were involved in 36 percent of the [Abu Ghraib] proven incidents and identified 6 employees as individually culpable", although none have faced prosecution unlike US military personnel.

On March 31, 2004, four American private contractors belonging to the company Blackwater USA were killed by insurgents in Fallujah as they drove through the town. They were dragged from their car in one of the most violent attacks on US citizens in the conflict. Following the attack, an angry mob mutilated and burned the bodies, dragging them through the streets before they were hung on a bridge. (The 31 March 2004 Fallujah ambush led to the Operation Vigilant Resolve). On March 28, 2005, 16 American contractors and three Iraqi aides from Zapata Engineering, under contract to the US Army Corps of Engineers to manage an ammunition storage depot, were detained following two incidents in which they allegedly fired upon US Marine checkpoint. While later released, the civilian contractors have levied complaints of mistreatment against the Marines who detained them.

On June 5, 2005, Colonel Theodore S. Westhusing committed suicide, after writing a report exonerating US Investigations Services of allegations of fraud, waste and abuse he received in an anonymous letter in May.

On October 27, 2005, a "trophy" video, complete with post-production Elvis music, appearing to show private military contractors in Baghdad shooting Iraqi civilians sparked two investigations after it was posted on the Internet. The video has been linked unofficially to Aegis Defence Services. According to the posters, the man who is seen shooting vehicles on this video in Iraq was a South African employee of Aegis Victory team named Danny Heydenreycher. He served in the British military for six years. After the incident the regional director for Victory ROC tried to fire Heydenreycher, but the team threatened to resign if he did. As of December 2005, Aegis is conducting a formal inquiry into the issue, although some concerns on its impartiality have been raised.

On September 17, 2007, the Iraqi government announced that it was revoking the license of the American security firm Blackwater USA over the firm's involvement in the deaths of eight civilians in a firefight that followed a car bomb explosion near a State Department motorcade. Blackwater is currently one of the most high-profile firms operating in Iraq, with around 1,000 employees as well as a fleet of helicopters in the country. Whether the group may be legally prosecuted is still a matter of debate.

4.5 Blackwater all-out shooting at Nisour-Square

On September 16, 2007, Blackwater guards shot and killed 17 Iraqi civilians in Nisour Square, Baghdad. The fatalities occurred while a Blackwater Personal Security Detail (PSD) was escorting a convoy of US State Department vehicles en route to a meeting in western Baghdad with United States Agency for International Development officials. The shooting led to the unraveling of the North

Carolina-based company, which since has replaced its management and changed its name to Xe Services.

The next day, Blackwater Worldwide's license to operate in Iraq was revoked. The US State Department has said that "innocent life was lost" while US military reports indicate Blackwater's guards opened fire without provocation and used excessive force. The Iraqi government vowed to punish Blackwater after an Iraqi inquiry found that the guards were "not touched even by a stone" when they opened fire on the civilians. The incident sparked at least five investigations, including a Federal Bureau of Investigation probe that found almost all of the shootings "were unjustified and violated deadly-force rules in effect for security contractors in Iraq."

A senior aide to Iraqi Prime Minister Nouri al-Maliki said that three of the Blackwater guards were Iraqis and could be subject to prosecution. The aide also said that the Iraqi government was pushing for an apology, compensation for victims or their families and for the guards involved in the shooting to be held "accountable." Robert Gates has testified before the US Congress that the Pentagon has sufficient legal authority to control its contractors, but that commanders lack sufficient "means and resources" to exercise adequate oversight. The United States House of Representatives has passed a bill that would make all private contractors working in Iraq and other combat zones subject to prosecution by US courts and US Senate Democratic leaders have said they plan to send similar legislation as soon as possible.

Incident

An Iraqi investigation into the events stated that as the convoy drew close to Nisour Square, a distant Kia sedan with a woman and her grown son in it was driving slowly on the wrong side of the road, and ignored a police officer's whistle to clear a path for the convoy. The report said the security team fired warning shots and then lethal fire at the Kia. After this, the report said that stun grenades were fired off by contractors to clear the scene. The report continues by saying Iraqi police and Iraqi Army soldiers, mistaking the stun grenades for fragmentation grenades, opened fire at the Blackwater team, to which the Blackwater team responded. A Reuters report showed some of the vehicles which were left at the scene. According to Iraqi investigators, a Blackwater helicopter present during the attack fired several times from the air. Blackwater has denied these charges.

Iraqi Brigadier-General Abdul-Karim Khalaf has stated the US firm "opened fire randomly at citizens." Among those killed was one Iraqi policeman; no US State Department officials were wounded or killed.

Blackwater has stated that a car bomb detonated close to the meeting point and that their security team then evacuated the State Department officials. Blackwater says the convoy passed through Nisour Square, between the Sunni-controlled al-Mansour and al-Yarmukh neighborhoods, and was attacked. According to Blackwater vice-president Marty Strong, it was hit with "a large explosive device" and "repeated small arms fire" which disabled a vehicle. Several sources have stated that the explosion was caused by a mortar round, though this is not reflected in the Department of State incident report. Blackwater has denied Iraqi allegations that one of their helicopters fired from the air during the incident.

A State Department report states that eight to ten attackers opened fire "from multiple nearby locations, with some aggressors dressed in civilian apparel and others in Iraqi police uniforms." The report says that as the convoy tried to leave, its route was blocked by insurgents armed with machine guns at 12:08 pm. According to another US government report, "The team returned fire to several identified targets" before leaving the area and a second convoy en route to help was "blocked/surrounded by several Iraqi police and Iraqi national guard vehicles and armed personnel." A US Army convoy, possibly the same one delayed by Iraqi forces, arrived approximately a half hour later, backed by air cover, to escort the convoy back to the Green Zone.

On September 27, the *New York Times* reported that during the incident at Nisour Square, one member of the Blackwater security team continued to fire on civilians, despite urgent cease-fire calls from colleagues. The incident was resolved only after another Blackwater contractor pointed his weapon at the man still firing and ordered him to stop. On January 29, 2010, a devastating eyewitness

account of the Blackwater shootings was aired on Democracy Now in an exclusive interview with the father of a nine year old boy who was killed in the Blackwater shootings.

US military reports confirm the Iraqi government's claim that Blackwater was guilty of using excessive force and opening fire without provocation.

Impact

In the immediate aftermath of the attacks, Blackwater's rights to conduct work in Iraq were temporarily suspended. Several Iraqi and American investigations have or are being conducted in to the incident. The incident has caused Iraqi Prime Minister Nuri al-Maliki to call on the US government to end its contract with Blackwater USA, and for the Iraqi government to push for an apology, compensation for victims or their families and for the guards involved in the shooting to be held "accountable." The US House passed a bill that would make all private contractors working in Iraq and other combat zones subject to prosecution by US courts. The Senate will reportedly consider similar legislation.

License to operate in Iraq

On September 18, 2007, Gen. Abdul Kareem Khalaf, an Iraqi Interior Ministry spokesman, said Blackwater is "not allowed to operate anywhere in the Republic of Iraq." Spokesman Ali al-Dabbagh stated that the ban would last for the duration of the investigation, and that it would not be permanent. The banning was described by Peter W. Singer, an expert on the private military industry, as "inevitable," given the US governments' reliance on and lack of oversight of the private military industry in Iraq.

The Private Security Company Association of Iraq, in a document last updated on July 3, 2007, listed Blackwater as not having a license to operate in Iraq despite their attempts to apply for one. Blackwater's operations on behalf of the US Department of State and the CIA may be unaffected by this claimed license revocation. Also, it is not clear whether the license revocation is permanent.

On September 19, the United States temporarily suspended all land travel by US diplomats and other civilian officials in Iraq outside Baghdad's heavily fortified Green Zone as a result of public outrage over the alleged killing of civilians by Blackwater employees. The order confines most Americans to a 3.5 square miles (9.1 km²) area in the center of the city so that they are unable to visit other areas without travelling in a helicopter. The order did not say when the suspension would expire. On September 21, CNN reported that Blackwater would resume normal operations the following day.

Blackwater, which had been operating in Iraq without an Iraqi government license, applied for one for the first time, but the request was denied by Iraqi officials in January 2009. The Iraqi government announced that Blackwater must leave Iraq as soon as a joint Iraqi-US committee finishes drafting the new guidelines on private contractors under the current Iraqi-US security agreement. Umm Tahsin, widow of one of the men killed by Blackwater employees in the Nisour Square shooting, said of the denial, "Those people are a group of criminals. What they did was a massacre. Pushing them out is the best solution. They destroyed our family." On January 31, 2009 the US State Department notified Blackwater that the agency would not renew its security contract with the company.

Investigations

The US State Department said it planned to investigate what it called a "terrible incident." According to Iraqi Prime Minister Nuri al-Maliki, Secretary of State Condoleezza Rice promised a "fair and transparent" investigation into the incident. The State Department announced an American- Iraqi joint commission to investigate both the shooting and the use of private security contractors as a broader issue. The committee was co-chaired by Abd al Qadir, the Iraqi Minister of Defense and Patricia A. Butenis, the Charge d'Affaires of the US Embassy in Iraq.

Henry Waxman, the chair of the House Committee on Oversight and Government Reform, which held hearings on the use of Private Security Contractors in February 2007, said his committee would hold hearings "to understand what has happened and the extent of the damage to US security interests." Waxman stated that "the controversy over Blackwater is an unfortunate demonstration of the perils of excessive reliance on private security contractors."

On October 4, 2007 the Federal Bureau of Investigation announced that it would be taking the lead in the investigation of the shooting incident.

Findings

On September 22, 2007 Iraqi investigators announced that they have a videotape that shows Blackwater USA contractors opening fire against civilians without provocation. Maj. Gen. Abdul- Karim Khalaf, an Interior Ministry spokesman, said Iraqi authorities had completed their investigation into the shooting and concluded that Blackwater guards were responsible for the deaths. "The murder of citizens in cold blood in al-Nisour area by the Blackwater is considered a terrorist action against the civilians just like any other terrorist operations," a preliminary report of the findings says. Khalaf said the report had been "sent to the judiciary." Under Iraqi law, an investigating judge decides whether there is enough evidence for a trial. Khalaf also said the ministry was looking into six other fatal shootings involving Blackwater. US Military reports appear to corroborate the Iraqi government's contention that Blackwater was at fault in the incident.

On October 2, 2007 the Democratic staff of the House Oversight and Government Reform Committee released a report stating that Blackwater USA guards have used deadly force weekly in Iraq and have inflicted "significant casualties and property damage." The report found that the guards fired their weapons an average of 1.4 times a week. The report further said that Blackwater reports that its forces fired first in over 80 percent of the cases.

On October 4, 2007 US military reports indicated Blackwater's guards opened fire without provocation and used excessive force. "It was obviously excessive," a US military official speaking on condition of anonymity told the Washington Post. "The civilians that were fired upon, they didn't have any weapons to fire back at them. And none of the IP (Iraqi police) or any of the local security forces fired back at them," the official continued. The Blackwater guards appeared to have fired grenade launchers in addition to machine guns, according to the report.

On October 13, 2007, the FBI reported it had found at least 14 of the 17 Iraqis killed to have been without cause. The three possibly justifiable killings involved the two passengers of a white Kia sedan which rolled toward the convoy, as well as an unidentified Iraqi nearby. Much of the blame for the unjustified casualties has been put on "turret gunner no. 3", Paul Slough, 29, of Keller, Texas, who fired a large number of rounds during the event. Anne Tyrrell, a Blackwater spokeswoman, responded to the findings saying Blackwater "supports the stringent accountability of the industry. If it is determined that one person was complicit in the wrongdoing, we would support accountability in that. The key people in this have not spoken with investigators."

On January 19, 2008, the New York Times reported that the contractor responsible for many of the deaths in the engagement, previously known as "turret gunner no. 3," is named Paul Slough. He enlisted in 1999, and as part of the 3rd Infantry Division, he served in Bosnia. He received an honorable discharge in 2002 and then enlisted in the Texas National Guard. He performed one tour in Iraq before being hired as a Personal Security Specialist in Iraq. Nothing in the New York Times report suggested a history of irresponsible or "cowboy-like" decisions.

On April 1, 2009, the Associated Press reported that forensic tests on bullets were inconclusive. None of the bullets the lab had available could be matched to the rifles used by the guards.

UN October 2007 report

In October 2007 the United Nations released a two year study that stated, that although hired as "security guards," private contractors were performing military duties. The report found that the use of contractors such as Blackwater was a "new form of mercenary activity" and illegal under International law; however the United States is not a signatory to the 1989 UN Mercenary Convention banning the use of mercenaries. Nor is the US a signatory to the 1977 additional Protocol to the 1949 Geneva Conventions in which also under Article 47 specifies that mercenaries are civilians who "take a direct part in the hostilities" (no distinction is made under the Protocol between defensive and offensive actions, but the US does make such a distinction, considering defensive actions by security guards not to be combat) and are "motivated to take part in the hostilities essentially by the desire for private gain."

Iraqi reaction

Unlike many deaths blamed on foreign contractors, this shooting took place in downtown Baghdad, an area with dozens of witnesses. "We see the security firms ... doing whatever they want in the streets. They beat citizens and scorn them," Baghdad resident Halim Mashkoor told AP Television News. He asked, "if such a thing happened in America or Britain, would the American president or American citizens accept it?" Hasan Jaber Salman, one of the wounded and an Iraqi lawyer, said that "no one did anything to provoke Blackwater" and that "as we turned back they opened fire at all cars from behind" An Iraqi police officer who was directing traffic at the scene said Blackwater guards "became the terrorists" when they opened fire on civilians unprovoked, while a businessman said he wasn't seeking compensation but only "the truth" from the guards. After a group of Iraqi ministers backed the Iraqi Interior Ministry's decision to shut down Blackwater USA's operations in Iraq, Iraqi Prime Minister Nuri al-Maliki called on the US government to end its contract with Blackwater and called on Blackwater to pay the families \$8 million in compensation.

A US judge's decision to dismiss all charges against Blackwater on January 1, 2010, sparked outrage in the Arab world. Algerian newspaper *Le Quotidien d'Oran* said the ruling was one of "stunning violence" and compared the American security firm to terrorists.

Punishment of contractors

On September 24, 2007, the Iraqi Ministry of the Interior announced it would file criminal charges against the Blackwater staff involved in the shooting, although it is unclear how some of them will be brought to trial. "The murder of citizens in cold blood in al-Nissour area by the Blackwater is considered a terrorist action against the civilians just like any other terrorist operations," a preliminary report of the findings says. A senior aide to al-Maliki said that three of the Blackwater guards were Iraqis and could be subject to prosecution. The aide also said that the Iraqi government was pushing for an apology, compensation for victims or their families and for the guards involved in the shooting to be held "accountable."

US Secretary of Defense Robert Gates testified before Congress that the Pentagon has sufficient legal authority to control its contractors, but that commanders lack sufficient "means and resources" to exercise adequate oversight.

On October 4, 2007 the US House passed a bill that would make all private contractors working in Iraq and other combat zones subject to the Military Extraterritorial Jurisdiction Act and thus prosecution by US courts. Senate Democratic leaders have said they plan to send similar legislation as soon as possible.

Further court action

On October 11, 2007, the Center for Constitutional Rights filed suit against Blackwater USA under the Alien Tort Claims Act on behalf of an injured Iraqi and the families of three of the seventeen Iraqis who were killed by Blackwater employees during a September 16, 2007 shooting incident.

The Justice Department was originally not expected to bring criminal charges against the corporation, however in December 2008, the Justice Department announced they were charging five of the Blackwater employees, and ordered them to surrender themselves to the FBI. Charged with manslaughter are Donald Ball, a former Marine from West Valley City, Utah; Dustin Heard, a former Marine from Knoxville, Tennessee; Evan Liberty, a former Marine from Rochester, New Hampshire; Nick Slatten, a former Army sergeant from Sparta, Tennessee, and Paul Slough, an Army veteran from Keller, Texas. A sixth Blackwater guard, Jeremy Ridgeway of California, struck a deal with prosecutors, turned on his former colleagues, and pleaded guilty to one count each of manslaughter, attempted manslaughter, and aiding and abetting.

The trial was set for early 2010, but the charges were dismissed by District Judge Ricardo Urbina, as the prosecution had built its case by using statements given by the accused to state department investigators in violation of an agreement not to use them in a criminal case.

The case against the five men fell apart because, after the shooting, the State Department ordered the guards to explain what happened. In exchange for those statements, the State Department promised the statements would not be used in a criminal case.

4.6 Important events in Afghanistan

In December 2009, the Congressional Research Service, which provides background information to members of Congress, announced that the deployment of 30,000 extra US troops into Afghanistan could be accompanied by a surge of "26,000 to 56,000" contractors. This would expand the presence of personnel from the US private sector in Afghanistan "to anywhere from 130,000 to 160,000". The CRS study said contractors made up 69 percent of the Pentagon's personnel in Afghanistan in December 2008, a proportion that "apparently represented the highest recorded percentage of contractors used by the Defense Department in any conflict in the history of the United States." In September 2008 their presence had dropped to 62 percent, while the US military troop strength increased modestly.

Also in December 2009, a House oversight subcommittee said that it had begun a wide-ranging investigation into allegations that American private security companies hired to protect Defense Department convoys in Afghanistan would be paying off warlords and the Taliban to ensure safe passage. That would mean that the United States is unintentionally engaged in a protection racket and may be indirectly funding the very insurgents it were trying to fight. A preliminary inquiry by determined that the allegations warranted a deeper inquiry, focused initially on eight trucking companies that share a \$2.2 billion Defense Department contract to carry goods and material from main supply points inside Afghanistan (primarily Bagram air base) to more than 100 forward operating bases and other military facilities in the country.

5 Selected bibliography (English)

Isenberg, David: *Shadow Force, Private security contractors in Iraq*, Praeger Security, 2008, 245 p., ISBN: 978-0-275-99633-8

Offers an examination of the role that private security and military contractors have played in Iraq since the fall of Saddam Hussein. From their limited use in China during World War II, for example, to their often clandestine use in Vietnam ferrying supplies before the war escalated in 1964 and 1965 when their role became more prominent, public-private military contractors (PMC's) have made

essential contributions to the success and failures of the military and United States. Today, with an emphasis on force restructuring mandated by the Pentagon, the role of PMC's, and their impact on policy-making decisions is at an all time peak. This work analyzes that impact, focusing specifically on PMC's in Iraq since the fall of Saddam Hussein in 2003. The author dissects their responsibilities, the friction that exists between contractors and military commanders, problems of protocol and accountability, as well as the problems of regulation and control that PMC companies create for domestic politics. The author organizes his work thematically, addressing all facets of PMC's in the current conflict from identifying who the most influential companies are and how they got to that point, to the issues that the government, military, and contractors themselves face when they take the field. He also analyzes the problem of command, control, and accountability. It is no secret that PMC's have been the source of consternation and grief to American military commanders in the field. As they work to establish more routine protocols in the field, however, questions are also being raised about the role of the contractors here at home. The domestic political arena is perhaps the most crucial battleground on which the contractors must have success. After all, they make their corporate living from taxpayer dollars, and as such, calls for regulation have resonated throughout Washington, D.C., growing louder as the profile of PMC's increases during the current conflict. *Review : Amazon.*

Musah, Abdel-Fatau; Fayemi, Kayode: *Mercenaries, An African Security Dilemma*, Pluto Press, London, 2000, 334 p., ISBN: 0 7453 1476 7

Recent investigation into the activities of Sandline International in Sierra Leone has rekindled interest in the role of private armies in African conflicts. Sensational references in newspaper articles, however, run the risk of emphasizing the military aspect of security at the expense of a holistic approach to an emergent security conundrum. This fascinating book is a critique of mercenary involvement in post-Cold War African conflicts. It seeks to achieve a greater understanding of the mercenary-instability complex by examining the links between the rise in internal conflicts and the proliferation of mercenary activities in the 1990s. The distinction in the methods adopted by Cold War mercenaries and their contemporary counterparts, the convoluted network between private armies, business interests, sustained poverty in Africa's poorest countries as well as the connection between mercenary activities and arms proliferation. In exploring solutions to the upsurge of mercenaries on the continent, the book seeks a political and legal redefinition of the term "mercenaries," and calls for new international legislation. The book argues that unless there are complete solutions to the root causes of conflict in a region where poverty represents the greatest threat to democracy and development, legislation will provide only temporary, rather than permanent, mechanisms for stemming this disturbing trend. *Review : Amazon.*

Roberts, Adam: *The Wonga Coup*, Profile Books, 2006, 303 p., ISBN: 1 58648 371 5

The most terrifying thing about this chronicle of a failed coup attempt in Equatorial Guinea is that it's not a Graham Greene novel but a true story. Roberts, an *Economist* staffer, chronicles the plot by foreign mercenaries and merchants to topple the country's brutal dictatorship solely for the "wonga" (British slang for "money, usually a lot of it"). An irresistibly lurid tale is peopled with bellicose profiteers, particularly of the neocolonialist sort from Europe and South Africa, with long histories of investment in oil, diamonds and war-for-profit. Among these self-styled gentleman adventurers are Margaret Thatcher's son, Sir Mark Thatcher, and "rag-and-bone intelligence men" who linger in hotel bars, "picking up scraps of information... selling them on to willing buyers, whether corporate or government." The audacity of the coup's planners is almost admirable, though Roberts rightly chastises them for their oil-soaked greed. As he lifts the curtain to the backrooms of power in postcolonial Africa, the reader finds that not much has changed on the continent since 1618, when the "Company of Adventurers of London Trading to the Ports of Africa" became the first private company to colonize Africa for profit. *Starred Review. Amazon / Reed Business Information, a division of Reed Elsevier Inc. All rights reserved.*

Scahill, Jeremy: *Blackwater, The rise of the world's most powerful mercenary army*, B&T, 2007, 404 p., ISBN-10: 1560259795

Meet Blackwater USA, the powerful private army that the U. S. government has quietly hired to operate in international war zones and on American soil. With its own military base, a fleet of twenty aircraft, and twenty-thousand troops at the ready, Blackwater is the elite Praetorian Guard for the "global war on terror"-- yet most people have never heard of it. It was the moment the war turned: On March 31, 2004, four Americans were ambushed and burned near their jeeps by an angry mob in the Sunni stronghold of Fallujah. Their charred corpses were hung from a bridge over the Euphrates River. The ensuing slaughter by U. S. troops would fuel the fierce Iraqi resistance that haunts occupation forces to this day. But these men were neither American military nor civilians. They were highly trained private soldiers sent to Iraq by a secretive mercenary company based in the wilderness of North Carolina. Blackwater: The Rise of the World's Most Powerful Mercenary Army is the unauthorized story of the epic rise of one of the most powerful and secretive forces to emerge from the U. S. military-industrial complex, hailed by the Bush administration as a revolution in military affairs, but considered by others as a dire threat to American democracy. Scahill, a regular contributor to the *Nation*, offers a hard-left perspective on Blackwater USA, the self-described private military contractor and security firm. It owes its existence, he shows, to the post-Cold War drawdown of US armed forces, its prosperity to the post-9/11 overextension of those forces and its notoriety to a growing reputation as a mercenary outfit, willing to break the constraints on military systems responsible to state authority. Scahill describes Blackwater's expansion, from an early emphasis on administrative and training functions to what amounts to a combat role as an internal security force in Iraq. He cites company representatives who say Blackwater's capacities can readily be expanded to supplying brigade-sized forces for humanitarian purposes, peacekeeping and low-level conflict. While emphasizing the possibility of an "adventurous President" employing Blackwater's mercenaries covertly, Scahill underestimates the effect of publicity on the deniability he sees as central to such scenarios. Arguably, he also dismisses too lightly Blackwater's growing self-image as the respectable heir to a long and honorable tradition of contract soldiering. Ultimately, Blackwater and its less familiar counterparts thrive not because of a neoconservative conspiracy against democracy, as Scahill claims, but because they provide relatively low-cost alternatives in high-budget environments and flexibility at a time when war is increasingly protean. *Review. Amazon / Reed Business Information, a division of Reed Elsevier Inc. All rights reserved*

Singer, Peter, W.: *The Rise of the privatized military industry*, Cornell University Press, Ithaca and London, 2003, 326 p., ISBN: 0-8014-8915-6

Some have claimed that "War is too important to be left to the generals", but P.W. Singer asks "What about the business executives?". Breaking out of the guns-for-hire mould of traditional mercenaries, corporations now sell skills and services that until recently only state militaries possessed. Their products range from trained commando teams to strategic advice from generals. This new "privatized military industry" encompasses hundreds of companies, thousands of employees, and billions in revenue. Whether as proxies or suppliers, such firms have participated in wars in Africa, Asia, the Balkans and Latin America. More recently, they have become a key element in US military operations. Private corporations working for profit now sway the course of national and international conflict, but the consequences have been little explored. In this book, Singer provides an account of the military services industry and its broader implications. "Corporate Warriors" includes a description of how the business works, as well as portraits of each of the basic types of companies: military providers that offer troops for tactical operations; military consultants that supply expert advice and training; and military support companies that sell logistics, intelligence and engineering. The privatization of warfare allows startling new capabilities and efficiencies in the ways that war is carried out. At the same time, however, Singer finds that the entrance of the profit motive onto the battlefield raises a series of troubling questions - for democracy, for ethics, for management, for human rights and for national security. A security analyst at the Brookings Institution, Singer raises disturbing new issues in this comprehensive analysis of a post-Cold War phenomenon: private companies offering specialized military services for hire. These organizations are nothing like the mercenary formations that flourished in post-independence Africa, whose behavior there earned them the nickname *les affreux*: "the frightful ones." Today's corporate war-making agencies are bought and sold by Fortune 500 firms. Even some UN peacekeeping experts, Singer reports, advocate their use on grounds of economy and

efficiency. Governments see in them a means of saving money-and sometimes a way to use low-profile force to solve awkward, potentially embarrassing situations that develop on the fringes of policy. Singer describes three categories of privatized military systems. "Provider firms" (the best known being the now reorganized Executive Outcomes) offer direct, tactical military assistance ranging from training programs and staff services to front-line combat. "Consulting firms," like the US-based Military Professional Resources Inc., draw primarily on retired senior officers to provide strategic and administrative expertise on a contract basis. The ties of such groups to their country of origin, Singer finds, can be expected to weaken as markets become more cosmopolitan. Finally, the overlooked "support firms," like Brown & Root, provide logistic and maintenance services to armed forces preferring (or constrained by budgetary factors) to concentrate their own energies on combat. Singer takes pains to establish the improvements in capability and effectiveness privatization allows, ranging from saving money to reducing human suffering by ending small-scale conflicts. He is, however, far more concerned with privatization's negative implications. Technical issues, like contract problems, may lead to an operation ending without regard to a military rationale. A much bigger problem is the risk of states losing control of military policy to militaries outside the state systems, responsible only to their clients, managers, and stockholders, Singer emphasizes. So far, private military organizations have behaved cautiously, but there is no guarantee will continue. Nor can the moralities of business firms be necessarily expected to accommodate such niceties as the laws of war. Singer recommends increased oversight as a first step in regulation, an eminently reasonable response to a still imperfectly understood development in war making. *Review. Amazon / Publishers Weekly / Reed Business Information, a division of Reed Elsevier Inc. All rights reserved.*

6 Featured Online-Resources

6.1 Official documents

The right of peoples to self-determination and its application to peoples under colonial or alien domination or foreign occupation, Report on the question of the use of mercenaries as a means of violating human rights and impeding the exercise of the right to people to self-determination, Ballesteros, Enrique Bernales, Special Rapporteur, United Nations, Economic and Social Council, Commission on Human Rights, E / CN.4 / 1997 / 24, 20.02.1997

Private Military Companies: Options for Regulation, (Green Paper), Foreign and Commonwealth Office, The Stationery Office, London, 02-2002, ISBN: 0-10-291415-X

Dollars, not sense: Government contracting under the Bush administration, US State House of Representatives, Committee on Government Reform – Minority Staff, Special Investigation Division, Rep. Waxman, Henry A. , June 2006

6.2 Web

PrivateMilitary
<http://www.private-military.de>

7 Documentaries

Iraq for Sale: The War Profiteers is a 2006 documentary about the ongoing Iraq War and the behavior of companies with no-bid contracts working in Iraq. The movie was made by Robert Greenwald and Brave New Films. Specifically, the film claims four major contractors – Blackwater, K.B.R.-Halliburton, CACI and Titan – are over-billing the US government and doing substandard work while endangering the lives of American soldiers and private citizens. – *Wikipedia*

Private Warriors. In *Private Warriors*, Frontline correspondent Martin Smith travels throughout Kuwait and Iraq to give viewers an unprecedented behind-the-scenes look at companies like Kellogg, Brown & Root, a Halliburton subsidiary, and its civilian army. KBR has 50,000 employees in Iraq and Kuwait that run US military supply lines and operate US military bases. KBR is also the largest contractor in Iraq, providing the Army with \$11.84 billion dollars in services since 2002. – *PBS / Frontline*

Shadow Company is a documentary directed by Nick Bicanic and Jason Bourque and narrated by Gerard Butler. It is an introduction to the mercenary and Private Military Company industry, concentrating on the role the industry has been playing in recent conflicts. (...) The documentary film is not presented with a complete voice narrative nor a linear story-telling structure. Instead, most of the documentary deals with the issues presented in a topical fashion. At certain intervals in the documentary, the audience is read different letter excerpts from a security contractor named James Ashcroft (...). The letter scenes explain the details of James work and life in Iraq. – *Wikipedia*

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THE FULL STORY IN ALL GOOD BOOKSTORES NEAR YOU AND ON AMAZON

Laurent Joachim
Der Einsatz von Private Military Companies
im modernen Conflict.
Ein Werkzeug für neue Kriege?
PhD – Humboldt University Berlin
Editor: LIT Verlag
648 Pages

(In German)



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