Senate Democratic Policy Committee Hearing

"An Oversight Hearing on Waste, Fraud, and Abuse in U.S. Government Contracting in Iraq"

Rory Mayberry
Former KBR Food Production Manager

June 27, 2005

My name is Rory Mayberry. I'm sorry that I'm not able to be there in person to testify to the Committee, but I returned to Iraq on June 14. I am working as a Medical Examiner and Medic Supervisor for a company called Emergent Services.

I wanted to testify today about my experience working with Halliburton in Iraq. I was hired by Halliburton subsidiary KBR in January 2004 as the Food Production Manager for a dining hall at Camp Anaconda, Iraq. I worked under the Halliburton's LOGCAP contract from February 2004 until April 2004.

When I was assigned to the dining facility, KBR managers informed me that there were KBR practices that were to be followed everyday. These practices led to major overcharges.

First, KBR was supposed to feed 600 Turkish and Filipino workers meals according to their custom. Although KBR charged the government for this service, it didn't prepare the meals. Instead, these workers were given leftover food in boxes and garbage bags after the troops ate. Sometimes there were no leftovers to give them.

Second, KBR charged the government for meals it never served to the troops. Until late 2003, Anaconda was a transition site for army personnel. Because there could be large numbers of extra personnel passing through everyday, KBR would charge for a surge capacity of 5,000 troops per meal. However, KBR continued to charge for the extra headcount even after Anaconda was no longer a transition site.

When I questioned these practices, the managers told me that this needed to be done because KBR lost money in prior months, when the government suspended some of the dining hall payments to the company. The managers said that they were adjusting the numbers to make up for the suspended payments.

I would prepare food orders each week in order to get the food we needed at the camp in the coming week. The KBR managers would triple the order every week to bring in much more food than we needed. They did this because they were charging an extra 5,000 troops they weren't actually feeding. Most of this food went to waste though.

Third, KBR paid too much for the food itself. Initially, a company called Tamimi Catering was KBR's sub-contractor for the food. Tamimi paid local prices for the food products in the towns and cities around the base in addition to orders sent to their main office. Tamimi's pricing was fair for the condition of the country. Then, KBR switched to a new supplier, PWC. PWC's prices were almost triple what Tamimi's were. For example, tomatoes cost about $5 a box locally, but the PWC price was $13 to $15 per box. The local price for a 15-pound box of bacon was $12, compared to PWC's price of $80 per box. PWC charged a lot for transportation because they brought the food from Philadelphia. KBR switched from Tamimi to PWC because Tamimi complained about KBR's poor treatment of its staff; they were living in tents with sand floors and no beds.

There were other problems that were not related to KBR's costs.

Food items were being brought into the base that were outdated or expired as much as a year. We were told by the KBR food service managers to use these items anyway. This food was fed to the troops. A lot of these were frozen foods: chicken, beef, fish, and ice cream. For trucks that were hit by convoy fire and bombings, we were told to go into the trucks and remove the food items and use them after removing the bullets and any shrapnel from the bad food that was hit. We were told to turn the removed bullets over to the managers for souvenirs. When I had the military check some of the food shipments, they would turn the food items away. But there wasn't any marking of the record, so KBR just sent the food to another base for use. The problem with expired food was actually worsened with the switch to PWC because it took longer for the food items to get to the base as they were shipped from the U.S. to a warehouse in Kuwait.

KBR also paid for spoiled food. When Tamimi dropped off food, there was often no place to put it in to the freezers or refrigeration. Food would stay in the refrigeration and freezer trucks until they ran out of fuel. KBR wouldn't refuel the trucks so the food would spoil. This happened quite a bit.

In addition, KBR would cater events for KBR employees, like management parties and barbecues. This happened about 3 times a week. As a result, there were shortages of certain food items, such as beef, chicken, pork, salads, dressings, and sodas for the troops.

The food service personnel were given sanitation rules from the Military Preventive Medicine information programs and rules to follow by the Armed Forces, but KBR managers informed us that the information was not to be followed, that they knew best, and to keep following their instructions. So our employees weren't following sanitation rules as set forth.

Also, the Iraqi subcontract drivers of food convoys that arrived on the base were not fed. They were given MREs, or meals ready to eat, with pork, which they couldn't because of religious reasons. As a result, the drivers would raid the trucks for food.

Government auditors would have caught and fixed many of the problems. But KBR managers told us not to speak with auditors. The managers themselves would leave the base or hide from the auditors when they were on the base and not answer the radios when we called for them. We were told to follow instructions or get off the base. The threat of being sent to a camp under fire was their way of keeping us quiet.
The employees that talked to the auditors were moved to the other bases that were under more fire then Anaconda. If they refused to move, they were fired and sent home.

I personally was sent to Fallujah for 3 weeks. The manager told me I was being sent away until the auditors were gone because I had opened my mouth to the auditors. When I returned from Fallujah, the convoy was attacked. I was put in danger because the KBR managers didn't want me to talk with U.S. government auditors.

When KBR wanted me to go to Tikrit, I headed home on rotation. I wasn't officially fired and I didn't formally quit.

I am happy to answer any questions the Committee may have for me.

QUESTIONS FOR RORY MAYBERRY
JUNE 27, 2005

Mr. Mayberry, representatives of the Senate Democratic Policy Committee have provided me with several questions that they would like me to ask you now. Can I begin asking you those questions?

Q: Are you saying that Halliburton deliberately falsified the number of meals they prepared, and then submitted false claims for reimbursement, and that they did this to make up for past amounts auditors had disallowed?

A: Yes.

Q: So, when they couldn't get reimbursed legitimately, they committed fraud by submitting these false bills?

A: Yes.

Q: How many meals were served at the dining hall each day?

A: 2,500 meals, per meal, times four. There were four meals, breakfast, lunch, dinner and a midnight meal.

Q: So, every day, Halliburton was charging for 20,000 meals it never served?

A: Correct. They were charging for 20,000 meals, and they were only serving 10,000 meals.

Q: Was it rare for expired food to be served to the troops?

A: No. It was an everyday occurrence, sometimes every meal.

Q: You've described routine overcharging and unsanitary practices by Halliburton, as well as shortages of food items for troops because of private Halliburton parties. Halliburton managers were not only aware of these practices, they ordered them, is that correct?

A: Correct.

Q: How senior were these managers?

A: The managers, the main manager was a manager of all of Iraq, assigned by KBR.

Q: So these practices may have been ordered at other dining halls in Iraq?

A: Most likely, yes.

Q: When government auditors arrived, these senior managers deliberately avoided them?

A: Yes.

Q: And these senior managers ordered you and other employees not to discuss your concerns with the auditors?

A: Yes. We were informed if we talked, we would be rotated out to other camps that were under fire.

Q: Is it fair to say that the managers used the threat of transfer to a more dangerous base to intimidate employees into keeping quiet?

A: Yes.

Q: When employees did talk to auditors, what happened?

A: All the employees that did talk to the auditors were switched out to other camps or fired because they refused to go to the other camps.

Q: Is there anything else you'd like us to know?

A: Not at this time.

Thank you for your testimony, Mr. Mayberry.