

U.S. trucking funds reach Taliban, military-led investigation concludes

By [Karen DeYoung](#), Published: July 24, 2011

A year-long military-led investigation has concluded that U.S. taxpayer money has been indirectly funneled to the Taliban under a \$2.16 billion transportation contract that the United States has funded in part to promote Afghan businesses.

The unreleased investigation provides seemingly definitive evidence that corruption puts U.S. transportation money into enemy hands, a finding consistent with previous inquiries carried out by Congress, other federal agencies and the military. Yet U.S. and Afghan efforts to address the problem have been slow and ineffective, and all eight of the trucking firms involved in the work remain on U.S. payroll. In March, the Pentagon extended the contract for six months.

According to a summary of the investigation results, compiled in May and reviewed by The Washington Post, the military found “documented, credible evidence . . . of involvement in a criminal enterprise or support for the enemy” by four of the eight prime contractors. Investigators also cited cases of profiteering, money laundering and kickbacks to Afghan power brokers, government officials and police officers. Six of the companies were found to have been associated with “fraudulent paperwork and behavior.”

“This goes beyond our comprehension,” said Rep. John F. Tierney (D-Mass.), who last summer was chairman of a House oversight subcommittee that charged that the military was, in effect, supporting a vast protection racket that paid insurgents and corrupt middlemen to ensure safe passage of the truck convoys that move U.S. military supplies across Afghanistan.

The military summary included several case studies in which money was traced from the U.S. Treasury through a labyrinth of subcontractors and power brokers. In one, investigators followed a \$7.4 million payment to one of the eight companies, which in turn paid a subcontractor, who hired other subcontractors to supply trucks.

The trucking subcontractors then made deposits into an Afghan National Police commander’s account, already swollen with payments from other subcontractors, in exchange for guarantees of safe passage for the convoys. Intelligence officials traced \$3.3 million, withdrawn in 27 transactions from the commander’s account, that was transferred to insurgents in the form of weapons, explosives and cash.

A senior U.S. defense official said that a radically revised transport system, replacing the Host Nation Trucking contract when it expires in September, will be announced in a few weeks.

Based on the findings of the investigation, the new contract will expand the number of companies from eight to at least 30 and change the security system for the truck convoys. It will require detailed information on all subcontractors and supervision by military units in the field rather than headquarters-based contracting officers.

In the meantime, interim steps have been taken to improve oversight and accountability within the murky web of companies and individuals involved in the shipment of more than 70 percent of all U.S. military food, fuel, weapons and construction material within Afghanistan, said the official, who was authorized to discuss the issue only on the condition of anonymity.

“It’s still ugly,” the official said. “But it’s getting better.”

Problems with local vendors

Unlike in Iraq, where the U.S. military favored using American contractors who made millions providing security, reconstruction and training, local hires have performed the bulk of those tasks in Afghanistan. During the first quarter of this fiscal year, the U.S. military’s Central Command reported that 53 percent of more than 87,000 contract personnel it employed in Afghanistan were locals.

The U.S. Agency for International Development and the State Department together signed nearly 1,000 contracts with non-U.S. vendors in Afghanistan last year.

The employment, under a government-wide policy called Afghan First, is an integral part of the Obama administration’s counterinsurgency strategy and calls for promoting Afghan capabilities, businesses and infrastructure.

The extensive military use of contractors for tasks such as transport, security and construction is also designed to free U.S. troops for warfighting and, in most cases, is deemed far less expensive than using American resources.

But “awards to local vendors in Afghanistan pose particular challenges,” according to a General Accountability Office report issued last month, because of the large size of the U.S. effort, the great distances that must be traveled on often-dangerous roads and “the potential for fraud, corruption, or the siphoning of funds to organizations hostile to U.S. forces.”

The GAO report concluded that the number of contracts was so huge that it was impossible to vet them all, and it recommended assessing only the most risky. The U.S. Army Corps of Engineers and the State Department, the GAO said, have no vetting system in Afghanistan, and the Defense Department’s practice is to vet contractors only after contracts have been issued.

The GAO noted that one Defense Department vetting system averages 15 vendors per week and would take until March 2012 to vet the 1,042 Afghan vendors awarded new military contracts in fiscal 2010. The estimate did not include a backlog of contracts from previous years or any contract valued at less than \$100,000.

Weak contractor oversight

Massive amounts of food, fuel and warfighting material are needed to support U.S. troops in Afghanistan; their number has more than tripled to about 100,000 since President Obama took office. Most supplies are brought by ship to neighboring Pakistan and transported by truck to central military depots in Afghanistan.

From there, the goods are trucked to hundreds of military installations across the country, usually along desolate stretches of road controlled by or vulnerable to attack from warlord militias and Taliban insurgents. Moving the supplies requires 3,000 to 4,000 trucks per week.

Six of the eight companies chosen as prime contractors under the Host Nation Trucking contract are owned by Afghans or are joint Afghan-international ventures. Two are considered U.S.-owned, including the Washington-based Sandi Group and NCL Holdings, whose founder and president, Hamed Wardak, is the son of Afghanistan's defense minister. The new investigation, conducted by a military-led task force that included officials from the FBI, Treasury and U.S. intelligence, did not identify which of the companies are implicated in payments to insurgents, nor does it quantify how much money has been misspent or transferred to insurgents.

Wardak, in an interview last year, denied that his company was involved in any kickbacks or indirect payments to insurgents. The Sandi Group did not respond to requests last week for comment.

For the life of the contract — one year, with options for a second year and the recently exercised six-month extension — each company was guaranteed a minimum of \$250,000 and a maximum of \$360 million. U.S. expenditure was capped at \$2.16 billion, although less than \$600 million had been paid out through March.

Prime contractors were responsible for furnishing up to 600 trucks and protecting them. But five of the eight prime contractors had no trucks of their own, two had fewer than 200, and all hired subcontractors to provide security, according to the investigation. From the start, the companies have served largely as brokers atop scores of subcontractors.

As early as the summer of 2009, amid frequent reports that subcontractors and middlemen were paying contract money to warlords and the Taliban to guarantee safe passage for the convoys, U.S. Army investigators prepared a briefing for senior commanders that bore the blunt title "Host Nation Trucking Payments to Insurgents." Investigators estimated that the going rate for protection was \$1,500 to \$2,500 per truck, paid by contractors and their subs to private Afghan security companies allied with warlords or insurgents — or, in some cases, directly to militias or Taliban commanders.

The military maintained that federal contracting rules did not require, and by some interpretations prohibited, a close look below the level of prime contractors. Investigating the relationships behind the kickbacks and protection rackets would have been expensive, time-consuming and difficult. Many military officials in charge of overseeing the contracts were

reluctant to disturb the status quo, believing it was far more important that food, fuel and bullets for U.S. forces were delivered intact and on time.

“These people should be fired and sent home,” the senior defense official said of the military overseers. “The attitude is crazy — it’s okay to pay the enemy because then we have better snacks” if the convoys travel unimpeded. “I think everybody gets that now.”

Concern in Washington

In the fall of 2009, problems with the trucking contract were discussed during a closed-door review by the administration of its war strategy. That December, Secretary of State Hillary Rodham Clinton and then-Defense Secretary Robert M. Gates voiced public concern that the United States was funding the very people it was fighting against in Afghanistan.

Since then, Afghan and U.S. officials have made changes on the margins as they tried to unravel the complicated web of actors and track the money. In Afghanistan, President Hamid Karzai pledged to disband all private security contractors and form a new government security force to guard supply convoys, but implementation has been slow.

In Washington, impatient lawmakers began their own investigations. In early 2010, Tierney charged the military with foot-dragging in its response to the subcommittee’s request for “all documents related to HNT security.” In May, after the military refused to turn over the 2009 briefing prepared by Army investigators, Tierney wrote a letter of complaint to Gates.

The document was supplied in June, along with a redacted copy, in which most or all of every page was blacked out, that the Defense Department deemed suitable for public disclosure. A department lawyer wrote Tierney to warn of “serious consequences” for what were still “open criminal investigations” and “for our relationship with the government and people of Afghanistan” if the unredacted document was publicly revealed.

Last summer, after the release of the House subcommittee report, the then-U.S. commander in Afghanistan, Gen. David H. Petraeus, appointed task forces to investigate contracting and corruption, including Task Force 2010, which carried out the investigation of the trucking contract. In September, he released new guidelines making commanders accountable for monitoring contracts within their areas of responsibility.

The next month, a separate Senate Armed Services Committee investigation into contracting confirmed the House report, concluding that the military had only minimal knowledge of — and exercised virtually no control over — the thousands of Afghans contracted to guard its installations and supply convoys.

Both reports identified the security wing of the Watan group, a business conglomerate run by relatives of Karzai, as involved in bribing officials for control over convoy routes and making payments to Taliban commanders. In the most substantive action by the military, Watan was barred in December from receiving new U.S. contracts. But it has contested the action in court,

denying the allegations, and has been allowed to continue its security work so the company could “fully exercise due process,” the senior defense official said.

The House and Senate have adopted measures this year, attached to fiscal 2012 defense spending legislation, giving military commanders additional powers to investigate and cancel contracts in which insurgent ties have been found.

Tierney, now the top minority member of the national security subcommittee of the House Committee on Oversight and Government Reform, voiced sharp criticism of the length of time it took the military-led task force to reach the same conclusions that lawmakers made public a year ago.

“I would hate like hell to think my kid was over there” and the Taliban was “coming after them with something bought with our taxpayers’ money,” Tierney said.