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REBUILDING

Questions are Raised on Awarding of Contracts in Iraq

By **PATRICK E. TYLER** and **RAYMOND BONNER**

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BAGHDAD, Iraq, Oct. 3 — Last month the Iraqi Governing Council questioned why the American occupation authority had issued a \$20 million contract to buy new revolvers and Kalashnikov rifles for the Iraqi police when the United States military was confiscating tens of thousands of weapons every month from Saddam Hussein's abandoned arsenals.

On Wednesday the Iraqi council, in a testy exchange with the occupation administrator, L. Paul Bremer III, challenged an American decision to spend \$1.2 billion to train 35,000 Iraqi police officers in Jordan when such training could be done in Iraq for a fraction of the cost. Germany and France have offered to provide such training free.

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These decisions are being questioned by Iraqi officials as Congress is also seeking to examine how the American occupation authority and the military are spending billions of dollars here. Iraqi officials and businessmen charge that millions of dollars in contracts are being awarded without competitive bidding, some of them to former cronies of Mr. Hussein's government.

"There is no transparency," said Mahmoud Othman, a Kurdish member of the Governing Council, "and something has to be done about it.

"There is mismanagement right and left, and I think we have to sit with Congress face to face to discuss this. A lot of American money is being wasted, I think. We are victims and the American taxpayers are victims."

A number of businessmen say they believe it is necessary to pay kickbacks to win contracts. A spokesman for one of the largest American corporations awarding subcontracts here, Bechtel, said his company had neither paid any kickbacks nor had been approached by Iraqis seeking to pay kickbacks. He said Bechtel made all of its contract information available on its Web site and at offices in Baghdad and Basra. A check of the Web site on Friday found no information, only a notice that the site was "under construction."

The lack of transparency and competition, Governing Council members said in interviews, may be encouraging corruption. They said they believed that many contracts had been inflated beyond the reasonable cost for the work, creating opportunities for kickbacks between prime contractors and subcontractors.



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One council member, Naseer K. Chadirji, said: "As the Governing Council we are in a very weak legal position. We don't have the right to investigate these contracts."

He added, "I don't have the evidence, but I think there is corruption. This is a common grievance that people tell me."

An Iraqi executive, who made millions of dollars as an insider under the Hussein government and would not allow his name to be used, said a relative outside Iraq had asserted that a Bechtel executive was looking to become a silent partner in an Iraqi company that would be favored with subcontracts from Bechtel.

A senior Bechtel official in Iraq, Clifford George Mumm, said that his company "would fire immediately anyone who tried to do such a thing" and that he did not believe that any Bechtel executive would engage in the kind of behavior described.

Mr. Mumm said there had been no kickbacks on the 105 subcontracts Bechtel had signed with Iraqi firms.

Asked about Iraqi assertions that Bechtel and other major American companies were awarding contracts to Iraqis who had grown rich under Mr. Hussein, Mr. Mumm said all of the Iraqi businesses that received Bechtel subcontracts were vetted by the occupation authority under Mr. Bremer.

The largest and most prominent Iraqi subcontractor that has emerged belongs to the Bunnia family, which grew immensely wealthy under the former government and was known for lavishing gifts, especially luxury cars, on members of the Hussein family.

"It is hard to understand the rationale for giving them contracts," said an American businessman.

Bunnia family members, in interviews over the last several months, have denied that they supported the old government and have said their business skills are needed to rebuild the country.

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(Page 2 of 2)

Looking at a list of companies that received subcontracts from Bechtel, Mr. Othman, the Governing Council member, said he recognized at least a half-dozen that had profited from close relations with Mr. Hussein or members of his family.

Samir Sumaidy, a member of the Governing Council who owns a construction firm doing business in China, said Friday that the Iraqi interim government received no information from Mr. Bremer's authority on how it was spending Iraqi and American funds.

An American businessman, who would not allow his name to be used, said the occupation authority was doling out contracts worth hundreds of thousands of dollars by simply telephoning favored companies and announcing, "I have a contract for you," as he characterized a telephone call he received this week.

Mr. Othman said, "I hope Congress knows what is going on, but if they don't know and we don't know, then God help everybody."

Council members said the contract to train Iraqi police officers in Jordan offended them because Jordan would draw a large payment from the dwindling Iraqi treasury and because many Iraqis resented Jordan's close ties to old government.

"The Iraqis are not very happy to see such large sums of money put in the hands of Jordan," said Mr. Chadirji, a lawyer and Governing Council member.



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At a news briefing on Friday, Charles Heatly, a spokesman for the occupation authority, said 35,000 police offers were to be trained in Jordan because the necessary facilities did not exist in Iraq, an assertion that several Governing Council members challenged.

The Jordan plan was formally announced on Friday in a press release. Mr. Heatly said he thought that most council members had understood and agreed with Mr. Bremer's presentation on police training in their meeting on Wednesday.

But five council members said in interviews that the interim Iraqi government opposed the plan. "If we had voted, a majority would have rejected it," Mr. Chadirji said. "He told us what he did; he did not ask us."

The purchase of about 20,000 Kalashnikov automatic weapons, 50,000 revolvers and 10 million rounds of ammunition from Jordan has also been widely criticized by Iraqi Governing Council members.


The contract was issued by the Interior Ministry during the summer when it was being supervised by the former New York City police commissioner, Bernard B. Kerik. Mr. Kerik did not respond to requests for an interview.

"It is totally unnecessary to buy them from outside the country," said Mr. Chadirji, who noted that he had purchased a number of Kalashnikovs to arm his personal bodyguards and that the price in the local market was as low as \$50 for each weapon.

Mr. Heatly said logistical problems associated with buying so many Kalashnikovs in small lots from the Iraqi market would be excessive.

There would be no cost if the occupation authority obtained them from the United States military, which is now the custodian of countless thousands of Iraqi weapons, many of them said to be in mint condition.

Mr. Heatly did not have figures for the number of Kalashnikovs in allied hands, but he said there were not enough of them to satisfy the requirements of the contract.

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