

Better Be Business Wired.

Business Wire is the leading source for **press releases**, photos, multimedia and **regulatory filings** from companies and groups throughout the world.

Share

-  Facebook
-  Twitter
-  LinkedIn
-  Delicious
-  Reddit
-  StumbleUpon
-  Digg
-  MySpace
-  Newsvine
-  Google Bookmark
-  Yahoo! Bookmark

November 08, 2007 08:20 AM Eastern Daylight Time

The Daily Star: The Price of US Army 'Confidentiality'

Leaked Information Sends Chilling Message to Contractors

KUWAIT CITY--(BUSINESS WIRE)--The following article was published today in The Daily Star, Kuwait:

Exclusive to The Daily Star and Al-Watan

US Government contractor Agility, formerly the Public Warehousing Company (PWC), has seen more than 30 employees killed and a further 200 injured transporting and providing food and supplies for about 150,000 troops in Iraq.

But unprovoked attacks are not the only dangers of supplying food to a war zone. As Mike Abdulrahman, Iraq Country Manager for Agility has discovered, leaked information can be just as dangerous.

The father of four woke up on October 20th to find his name featured in an article on the front page of the Wall Street Journal in connection with a military corruption scandal he had originally reported to the US Army a year earlier. Despite being protected under 'confidential informant status', the newspaper publicly identified Abdulrahman for his role in helping the US Army arrest a senior officer, Lt. Colonel Marshall Gutierrez, for bribery. Gutierrez consequently committed suicide while in detention at a military base camp in Kuwait. The newspaper implied the 'leak' had come from an Army Charge sheet.

Abdulrahman, a US citizen, has taken on some tough assignments during the four years of post-Saddam Iraq. Initially, he was a vocal-graphic analyst with security clearance for a special division of the US Marine Corps. He was then assigned to help lead operations for a USAID-funded non-profit organization in the central Euphrates region. It was after this that he became the Iraq Country Manager for PWC, managing the supply of food for approximately 150,000 American troops in Iraq, as well as being involved in other critical missions for the US government.

Since the article's publication, Abdulrahman says he has received intimidating anonymous phone messages threatening himself and his family for helping to expose Gutierrez. It has forced him to flee the country for his own safety.

"All of a sudden, I am reading in the papers that I am a bad guy, then people start calling me and telling me that I am going to get hurt for telling the truth," says Abdulrahman. "It is both scary and totally bizarre. Everything that happened in reality was exactly reversed in the Wall Street Journal article. A man I helped catch on tape asking me for illegal kickbacks was being portrayed as an all-American hero and a victim. The company that reported the criminal activity was being vilified. It's incredible."

"How the Wall Street Journal discovered the name of a confidential informant of the US Army remains a mystery. The only people that should have had access to the information were Army investigators and the Department of Justice, who are bound under US Government law and policy to protect the names of confidential informants," said Abdulrahman.

"In any form of international law, intentionally releasing the identity of a confidential informant is highly illegal and unethical," said legal advisors familiar with Abdulrahman's case.

Another legal source added, "Putting a confidential informant's safety in jeopardy by releasing privileged information to the Wall Street Journal is unbelievable. The audacity that 'federal sources' were the origin of such information takes the issue to a whole new level."

According to Abdulrahman, "The men and women of the US Armed forces are jointly engaged with us, both in the battle with insurgents as well as the fight against fraud and corruption. The military criminal investigators would never betray the trust of someone that has put their life on the line to serve them." Furthermore, the US Military did not receive a request for the information under the Freedom of Information Act, a regulation that governs the release of 'public records' in the US Government's possession. Even if they had received such a request, it would not be subject to disclosure," noted Abdulrahman.

When asked about whom he suspects as the source of the release, Abdulrahman replied, "I have my ideas but cannot be sure. I do, however, have full confidence in the Military Law Enforcement Agents." The Daily Star contacted the American

"All of a sudden, I am reading in the papers that I am a bad guy, then people start calling me and telling me that I am going to get hurt for telling the truth"

embassy in Kuwait which referred the daily's questions to Camp Arifjan but no answers have been received up to the timing of publishing this story.

Which ever way the details were disclosed, Abdulrahman's story is likely to have a chilling effect on future contractors that want to participate in weeding out corruption in the government. "Look at it from a contractor's perspective," said a spokesperson from Agility (PWC). "Mike did everything that our compliance training told us to. He reported the fact that he was offered a bribe, and he cooperated in an investigation to catch the guilty party - at great personal and professional risk. Now suddenly, he is identified in public and he and his family have had to flee for their own safety. It sends a terrible signal," noted the spokesperson.

"The reality of our business is difficult enough and we can not believe that anyone would be reckless enough to expose one of our employees in such a callous way. We recently announced the death of one of our friends and colleagues, who left behind his pregnant widow. He was executed by a group claiming to be militia because he was suspected of working for the coalition forces. We operate in a war zone and 'leaking' information about persons working with US forces has deadly consequences," added the spokesperson.

According to one expert on procurement fraud, "The aim of US Government fraud investigations is to prosecute and to deter fraud through enforcement. Exposing a confidential informant in this way will cause irreparable harm to US Government efforts in this regard. The most effective method for detecting, investigating, and prosecuting fraud is to use the assistance of the contracting community to report misconduct. This episode has set that effort back years. Why would contractors want to report fraud and cooperate with investigators now?"

Fraud and Bribery

This leaked information is the latest twist in a complicated chain of events that started in 2006 at Camp Arifjan in Kuwait.

At the time, Gutierrez was the Director of Logistics of the US Army Support Group in Kuwait and in a position to direct millions of dollars worth of procurement contracts for government suppliers to Iraq.

But rumors about his integrity were already beginning to surface. A former employee of a US-based defense contractor in Kuwait, who wishes to remain anonymous, said: "I remember talking to the President of a Kuwaiti General Trading Company in the spring of 2006 who told me that Gutierrez was receiving kickbacks from a big Kuwaiti gravel contractor. There was always talk about Gutierrez. For example, he suggested we start an intern program and then put forward the name of his son and his son's girlfriend to participate. When the son arrived and was found to be a slacker, we couldn't get rid of him because of his father's position. We had to shuffle him through three different departments instead. There had always been things, like the fact that the floors of his building at Camp Arifjan had been redone with marble or the mysterious appearance of a 10,000 dollar Persian rug in his outer office on camp."

It was around this time that Gutierrez launched an enquiry into PWC pricing after supposedly receiving leaked information from PWC competitor, Tamimi Global, alleging that the food prices for the Army were too high. Gutierrez's main contact at Tamimi was Shabbir Khan, Director of Operations in Kuwait and Iraq. Khan himself was the subject of a major investigation for fraud and bribery and was later sentenced to 51-months in prison for paying kickbacks to a Kellogg, Brown & Root Services employee to secure two military dining subcontracts valued at 21.8 million dollars.

Agility (PWC) vehemently denies the allegations against them, branding them as "ridiculous". A spokesperson for Agility explained: "First, PWC food catalogue prices in Iraq - at the request of the US Army - embeds the cost of transporting goods to Iraq and maintaining operations in a war zone. Considering that over 200 of our people have suffered casualties and over 300 of our trucks have been destroyed in Iraq, it is not surprising that our Iraq prices are higher than those of the Kuwaiti market."

"Second, is the simple fact that Army regulations restrict the source of purchasing for food items for American soldiers. PWC can't simply run down to the local supermarket and pick up heads of lettuce and send them to Iraq. The majority of items that we sell to the Army are bought at the direction of the government through a process referred to as 'hard specing,' in which army experts test the food for quality, serviceability, and price. Once an item is 'hard spec'd', we are directed to buy the specific good from selected vendors at a pre-determined price," added the spokesperson.

"All of our prices are published in a catalogue. Some may be more expensive than they would be at home; I mean after all, you can't grow tomatoes in the desert; you have to fly them in at great expense, and all of this is subject to an extensive review and approval process by the customer that is by the way, under no obligation to purchase our inventory which is carried entirely at our risk," noted the spokesperson.

Nevertheless, after filing a report to the contracting authority, Gutierrez instructed the Kuwaiti Dining Facilities to stop ordering any food items from PWC, diverting some 18 million dollars worth of food contracts from PWC to Tamimi Global which had previously competed twice for the Prime Vendor contracts against PWC but lost out both times according to informed observers.

The Sting

Abdulrahman says it was after this that Gutierrez began to approach him for money. "I can't prove it, but I think that because the investigations into the official at the gulf company (Tamimi Global) were picking up steam, he knew the game would soon be up," he explains. "When he (Khan) was convicted of fraud in June, he (Gutierrez) realized his free ride was over and decided to hit up PWC instead. Gutierrez actually boasted to me that he had given away 18 million dollars worth of PWC business to the gulf company and offered to give us some of it back if we paid him off."

According to an Agility (PWC) spokesperson, between July and August, 2006, Gutierrez asked Abdulrahman for 1,000 Kuwaiti dinars (approximately 3,500 dollars) every week to finance his affair with a young Kuwaiti woman. He also requested the occasional air ticket for his family.

On August 8th, 2006, Abdulrahman made the fateful decision to inform his employers of Gutierrez's repeated inference and eventual request for a bribe. "Within 24 hours, PWC lawyers had officially notified the US Army's Fraud Procurement Advisor and Toby Switzer, the Chief Executive Officer of the Public Warehousing Company's Defense and Government Services division, had personally called Brigadier General Mason, one of the most senior officers in Camp Arifjan, to tell him the information," said a spokesperson.

"The Army decided the allegations were serious enough to involve the Criminal Investigation Division (CID), which set in motion a chain of events that saw the CID asking me to wear a wire to a meeting with Gutierrez a few days later," noted Abdulrahman.

Abdulrahman reluctantly agreed on the assurance of being granted 'confidential informant' status by the Army. "It was also arranged that when the CID swooped on Gutierrez they would arrest me as well to avoid linking him to the sting," said Abdulrahman.

"Gutierrez was a US Army officer. He had influence. He had friends. He had a gun and seemed to operate in the public with impunity. I was scared," Abdulrahman shrugs. "In the end, it was the tough-sell from my bosses and the CID agents about the importance of catching the crook that was ripping-off American taxpayers that made me reconsider," he added.

"The sting took place on August 18th, 2006 a little before midnight at Diva's restaurant in Kuwait City. I was fitted with a wire and accompanied by PWC legal Counsel Sam McCahon, who arrived first and waited nearby with CID," noted Abdulrahman.

"Gutierrez must have done all his business at the restaurant, because they clearly knew him and were very specific about the table they gave to him and Mike," said McCahon.

"Gutierrez arrived shortly after with an 18-year-old woman he introduced as his Kuwaiti girlfriend, but court records identify her as his second wife and of Iraqi decent carrying an Austrian passport. The same court records indicate that Gutierrez became a Muslim before entering into a prenuptial agreement to pay his second wife a 20,000 dollar settlement in the event of a divorce," explained Abdulrahman.

Gutierrez was also simultaneously married to an American woman, Brenda, whom he had met at church event in New Mexico 25-years earlier.

According to McCahon, part of the conversation that evening involved Gutierrez trying to convince Mike to set up a similar 'arrangement' with the Kuwaiti woman's 21-year old sister. "He told Mike all it would take was paying the sister 400 dinars per month, renting an apartment, and hiring a driver," said McCahon, adding, "He invited Mike to come and meet the girl in person, and that's when they left the restaurant together and drove away in Gutierrez's car."

"It was in the car that I provided Gutierrez the 1,000 dinar pay-money I had been given earlier in the night by the CID. Gutierrez told me to put the money in the glove compartment. As soon as the exchange was over, the agents surrounded the car and arrested Gutierrez. As planned, I was also arrested and later released," said Abdulrahman.

On August 18th 2006, Gutierrez was charged with bribery, mishandling secret information, accepting illegal gifts, bigamy and possessing alcohol and pornography.

Whilst in detention, Gutierrez made two unsuccessful attempts at suicide according to press reports and was eventually put under house arrest pending trial.

The case never went to court. On the day the army suspended Gutierrez on the basis of allegations of corruption, Gutierrez killed himself in his quarters. Next to his body were an empty container of prescription sleeping pills and a bottle of anti-freeze. Two autopsies concluded that he died of poisoning from ingesting ethyl glycol, the active ingredient of anti-freeze. The Army ruled his death a suicide.

But the end of the line for Gutierrez has opened a whole new can of worms for Abdulrahman and Agility (PWC) as they try to piece together who disclosed the confidential information and why.

One Agility employee, who wishes to remain anonymous, has a few theories. "At best, someone bungled the disclosure of information under investigation. Alternatively, this could be a deliberate effort to tarnish the reputation of the company."

Last updated on Thursday 8/11/2007

Contacts

The Daily Star
Ahmed Zakaria
Editorial: (+965) 461 3649
Fax: (+965) 461 3650



[Get Business Wire News on Your Website](#)

[Terms of Use](#) | [©2013 Business Wire](#)
