

TRUCK-SIZED LOOPHOLE FOR THEFT

Howie's right. The media ought to be paying more attention to Congressman Peter Welch's call for an investigation into how a giant loophole got stuck into rules aiming to force companies to report contracting fraud.

House Democrats targeted a multibillion-dollar overseas contracting loophole Friday by vowing to investigate why – and how – it was slipped into plans to crack down on fraud in taxpayer-funded projects.

The inquiry will look at whether the exemption was added at the request of private firms, or their lobbyists, to escape having to report abuse in U.S. contracts performed abroad.

"Granting this safe harbor for overseas contractors flies in the face of reason," Rep. Peter Welch, D-Vt., wrote Friday asking the House Oversight and Government Reform Committee to investigate. The panel monitors government procurement policy.

"By taking this action, the Bush administration is sending an unambiguous message: If you are a U.S. government contractor in Iraq, Afghanistan or elsewhere overseas, you have a green light to defraud our government and waste taxpayer dollars," Welch wrote to Democratic leaders of the committee.

Basically, under voluntary reporting requirements, government contractors have been reporting less and less of the fraud that they're committing. Go figure. So DOJ decided to make reporting of fraud mandatory. But someone—it looks like someone in Bush's Office of Management and Budget (and Fraud Support,

apparently)—snuck in a waiver of mandatory requirements for contractors working outside of the United States.

For decades, contractors have been asked to report internal fraud or overpayment on government-funded projects. Compliance has been voluntary, and over the past 15 years the number of company-reported fraud cases has declined steadily.

Facing the increased violations, prosecutors sought to force companies to notify the government if they find evidence of contract abuse of more than \$5 million. Failure to comply could make a company ineligible for future government work.

But a later version of the rule, as written by policywriters reviewed by the OMB and published in the Federal Register in November, specifically exempts "contracts to be performed outside the United States."

So if you're a government contractor stealing from taxpayers within the US, you have to admit to it. But if you're stealing from taxpayers in Afghanistan or Iraq or anywhere else in the American Empire, you don't have to 'fess up. No word on whether Gitmo contractors have to admit to defrauding the government or not...

This should be a very interesting investigation. Now only if the media cares to report on it.