



**LESSONS LEARNED RECORD OF INTERVIEW**

|  |     |                                     |  |
|--|-----|-------------------------------------|--|
| <b>Project Title and Code:</b>   |     |                                     |  |
| LL-03 - U.S. Perception and Responses to Corruption in Afghanistan   |     |                                     |  |
| <b>Interview Title:</b>  |     |                                     |  |
| Interview with (b)(3), (b)(5), (b)(7)(C)   |     |                                     |  |
| <b>Interview Code:</b>   |     |                                     |  |
| LL-03  |     |                                     |  |
| <b>Date/Time:</b>  |     |                                     |  |
| October 6, 2015, 9:30am - 11:45am  |     |                                     |  |
| <b>Location:</b>   |     |                                     |  |
| Washington, DC   |     |                                     |  |
| <b>Purpose:</b>  |     |                                     |  |
| To learn about the activities of Task Force 2010, and reasons for its creation and significant scaling down in 2012  |     |                                     |  |
| <b>Interviewees: (Either list interviewees below, attach sign-in sheet to this document or hyperlink to a file)</b>  |     |                                     |  |
|  |     |                                     |  |
| <b>SIGAR Attendees:</b>  |     |                                     |  |
| Jim Wasserstrom (Team Lead), Kate Bateman (Research Analyst), and Brittany Gatas (Research Analyst)  |     |                                     |  |
| <b>Non-attribution Basis:</b>  | Yes | <input checked="" type="checkbox"/> | No                                     |
| <b>Recorded:</b>   | Yes | <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |
| <b>Recording File Record Number:</b>   |     |                                     |  |
| <b>Prepared By: (Name, title and date)</b>   |     |                                     |  |
| Kate Bateman, Research Analyst - 10/7/2015   |     |                                     |  |
| <b>Reviewed By: (Name, title and date)</b>   |     |                                     |  |
|  |     |                                     |  |
| <b>Key Topics:</b>   |     |                                     |  |
| <ul style="list-style-type: none"> <li>• Genesis and purpose of TF-2010</li> <li>• Loss of TF-2010 data</li> <li>• TF-2010 activities</li> <li>• Staff rotations; importance of continuity</li> <li>• Politics of the issue</li> <li>• How/why TF-2010 shut down</li> <li>• Lessons</li> </ul> |     |                                     |  |



## LESSONS LEARNED RECORD OF INTERVIEW

### General observations

Task Force 2010 was created to find out what was going on in transportation, security, and logistics contracting. If you have a set number of trucks available, and you max out the use of them, what do you think will happen? The big companies we found, they're all corrupt, but we needed our supplies. The mechanisms we had to increase security, minimize fraud and corruption - we didn't use. People doing contract oversight rotated in and out; no one did a thing on accountability. Attitude was, I used my beans and bullets.

Most of it (corruption) was on the vendor side - Afghans, internationals who worked with Afghans, and toward the end, we started getting Afghan diaspora, who had American passports, because they know intelligence couldn't touch them. They really started showing up when private security contractors went to the APPF as advisors; APPF would issue exclusive contracts for regions, then see lots of diaspora get involved. The structure was that APPF was a government organization of soldiers, and private security contractors provided risk management, would structure the security arrangement. NGOs, State, DoD would negotiate their needs for static security, mobile security, etc with the risk management companies. Rahullah Popakai was mid-level in one, became very rich. A lot of players in this space - some operating ethically, a lot not, and a few with close ties to insurgent groups. You would go to a risk management advisor that covers a particular space, e.g. R. Popakai had the Ring Road from Kabul to Kandahar. We froze \$70 million of his assets. Another was Hekmat Rahmatallah; we also froze \$70 million of his assets.

In US law, criminal prosecution is more important than civil prosecution. But it is in civil prosecution that you take away their money - and that takes away their power.

We started gathering info, but all you could do then was put it in the press. [We weren't pursuing civil prosecutions.]

Commented [KB1]: Did I get this meeting right?

HR McMaster (director of TF Shafafiyat) tried to take over TF-2010 and others. His approach was heavy-handed. Shafafiyat was ISAF/NATO, and TF-2010 fell under USFOR-A, so it wasn't appropriate for us to be under a NATO entity.

### Loss of TF-2010 Data

I made sure to archive everything, saved twice. We had 10 USB thumb drives. We got equipment, we could release classified info to other folks. But then we went through the second rotation change of people, and they didn't look back at what we had done. The 10 thumb drives were wiped clean, and used for movies (entertainment).

### Genesis and Purpose of TF-2010

We were put in place because of, as a response to Warlord, Inc. We (Gert's office of 2-5 people), forensic accounting, were the last element put together - to retrace the money. We started under McChrystal and Mullen. I believe McChrystal was going to use our info (b)(1) - 1.3(a), 1.7(e). Then Petraeus came in, and he let it roll but didn't have the same emphasis. Our piece was still to trace the money, but more subdued, (b)(1) - 1.3(a), 1.7(e).

Before we got to Kabul, I was told there were boxes of financial records, and we were needed urgently on the ground to go through these records, identify these guys. But when I got there, Rear Admiral Kathleen Dussault [KB note: first director of TF-2010] said no, there are no records, you need to get this info, results in 3 weeks. Tom Kreel [KB note: other main contractor in forensic auditing at TF-2010] knew how to do this. It was the two of us full-time plus 2-3 others helping at times. We created a basic framework, then reached out a lot - this works when you're very horizontally integrated. We reached out to ATPC, all law enforcement, ISAF Joint Command [KB note:



### LESSONS LEARNED RECORD OF INTERVIEW

the operational command HQ for [ISAF]. We had a huge spider chart of 40+ organizations, anyone with anything to do with contracts, intelligence, law enforcement.

The purpose was to identify the flow of money, provide transparency and accountability on US contracting. Started with DoD contracts (money to USFOR-A Command, where McHale was commander at the time), then grew beyond sustainment. We reached out to State; they agreed to share info. We worked together, helped them, and ultimately supported NATO too. Petraeus was saying, contracting is commanders' business because a large amount of money is going into this space, and when you start to fund the insurgents yourself, you better get a handle on it.

We were unique in coming at it from contracting flows; whereas ATFC, for instance, was coming at it from illicit/terrorist financing side.

#### TF-2010 activities; JPEL and JPSIL

We started providing information to Petraeus, and put together a framework for suspension and debarment cases. But the DOD suspension and debarment officer wanted to find a settlement, not debar. One case was Watan Risk Management, that was Rahullah Popalzai, early 2011. The suspension and debarment official from Army got scared, nervous - the Afghans' lawyers were getting paid tens of millions of dollars; the Afghans have huge resources to fight this. So in that case we sent it in, and it unraveled on us. They got nothing more than slaps on the wrist. Don't do that again.

Commented [KB1]: Did he say this was their first suspension and debarment case put together?

Ridge was then in the lead. I said we need to figure out what's going on; he said that's targeting. With contract actions you have two choices: 1) to suspend and debar, or 2) terminate and default. With the first, these guys are so well-connected, we couldn't take that route.

We looked at JPEL and JPSIL. Tried to make our cases more stringent. We tried a process control perspective, and laid out mitigation plans. It wasn't clear how our people would fit into JPEL and JPSIL.

To sum up - We started as an information arm, got frustrated, so started looking at how to make it easier for them [KB note: i.e., Army senior leadership?] to do this.

We worked with IJC, got pulled into operational side. Our approach was we'll share all we got, and hope you learn to trust us. We were sharing and working together, NOT with approval from Washington (i.e., State and USAID), but in Kabul yes they (State and USAID) wanted to work with us. We did so quietly. All the important vendors were working across different agencies. So State/USAID would ask us for info on a vendor. We helped them avoid some bad ones.

To step back, you have 1) vetting, and 2) once in a contract, there are contract terms, operating mechanisms, where money is put in, how you get outcomes. We started to do risk assessments, mainly on HNT, construction, and [7] We were asked to take a deeper look. I said, doing suspension and debarment is never going to change behavior. I was seeing ATFC and sanctions they got imposed. I put together a chart 20 feet long, on what data we should get, what questions we should ask, monitoring vendors, risk management across chain. Since we were doing some targeting now, we went to IJC, said we have a lot of agencies set up (eg ATFC, IEDDO) - you know, it's the same actors - criminal actors, transnational crime, insurgency, drugs, government corruption. It was scary to think that that recognition of those actors working together didn't happen until 2011.

Commented [KB3]: Why do you have this? Was it security?



## LESSONS LEARNED RECORD OF INTERVIEW

(b)(3)

We found 18 different actions we could take against contractors: contract actions, sanctions through Treasury, other sanctions not through Treasury. The Task Force as a whole said we used to start laying the foundation for making doctrinal changes (but this was later lost). BG Ridge liked it.

At IJC level, we modeled our packages after JPEL packets because these were the most stringent. When doing asset recoveries, you need a high level of detail. We became one of three entities in ISAF whose JPEL packages, once they were submitted, were automatically accepted (due to the rigor, extent of our evidence). We put them together in a "war room" in a very fluid process - all working together - which helped us make lots of other connections. It was very unique how we worked, because we were sharing all info, but staying in our lane.

Commented [R194]: Did you submit as JPEL (for more stringent requirements) or as JPEL7

### Staff Rotations and Continuity

Two to three of us on forensic accounting team (Gert and Tom) saw six rotations in a 2-year period. Here's the thing: It takes 6-9 months to understand what's going on, become cognizant. You hit your stride at 12 to 15 months. It's that base of knowledge to know who, what, to follow threads, say oh this is a problem. To get access to records (for forensic accounting), you need demonstrated suspicious behavior.

Therefore continuity is critical. It was typically contractors, not government, who provided continuity - SMEs who eat, live and breathe this stuff. In contrast, the military is assigned, but does not have specialization in these areas.

Our continuity was how we were able to save \$1 - 2 billion, and change the environment. Great relationships with Ridge, who didn't necessarily have extensive political connections, but it was all about getting the job done.

### Politics of the Issue

We got to the point where we could start acting, right around the Salehi case. (b)(3), (b)(5), (b)(7)(C)

Commented [R195]: Somewhere in this part of the conversation, [R195] mentioned We Paid articles on...right? Do you recall? Was it specific cases per Salehi?

(b)(3)

But even on others (i.e., people not part of the Karzai family), the interest and enthusiasm seemed to be lost after Salehi. Even Ridge did not push as hard.

No one wanted accountability. People were rotating in and out. If you're going to do anti-corruption, someone has got to own it. From what I've seen, no one is willing to own it. Not even from Congressional or \_\_\_ leaders.

### How/why TP-2010 shut down in all but name

[REDACTED] said I don't want to do this anymore. He put his energies into the Dept of State lane, playing economic development on CERP and Afghanistan Infrastructure Fund (AIF). The first team at TP-2010 was all about getting it down. The second team became divided between the military and contractors, dysfunctional. When you have a war, it's the military's time to shine, their time to make their mark: I'm going to come in and do it my way.



## LESSONS LEARNED RECORD OF INTERVIEW

Ridge was transitioning out, he let it go; Longo and his deputy said they didn't want it. Unfortunately this draw-down in TF-2010 came at the same time the APPF was being formed, and they were asking for our help. Finance guys wanted to understand the picture.

### Fuel issues

We hemorrhaged fuel. Dynamic was pretty simple: We'd ask the Afghans, how much do you need? We would give it, and then lose visibility. Afghans would then ask for more.

### How TF-2010 worked (cont.)

Every once in a while, we could say, these guys are behaving very well, let's do preferred vendor. But in government we don't like that because it looks like favoritism. But contingency operations are a different environment.

The military is there to act. But in terms of nation-building: how do we build this up to ensure a viable state, institutions, processes? We have to focus on contracting! Development plans were at a strategic level, must take the development plan down to the tactical level.

Ambassador Todd (Coordinating Director for Economic Affairs, 2010-2011) was interested in what we were doing. He wanted to be successful in the same area.

State and USAID said, we're at a higher level, will you tell us what you see? They were mostly at prime contractor level. I built a questionnaire for contracting officers to use - State and USAID adopted it before DOD did. But now people came in, and stopped it because it meant more work for the CO's. This is also how we got involved with NATO - countries would come to us and ask, what do you know about these contractors?

When we first went to DoD, they had 9 different ways [of contracting?]

Commented [1036]: I wasn't clear on this point. Was Gen talking about the whole contracting system?

Within 9 months, we came up with a common tool, a common set of processes. The generals in DC did NOT like this. It was completely counter to the power structure, organizational structure of DoD. Having a common set of processes took away their control over the process.

The intelligence on contractors has now devolved to knowing who the prime contractor is, and asking a few additional questions.

### Estimates on money lost to corruption, insurgency, crime

In TF-2010 reviews of 3,000 contracts, we found that 18% of contract money went to the Taliban, Haqqani, other insurgent groups. And it was often a higher percent. We talked with many former ministers, and they told us, you're under-estimating it. They said, your people are afraid of you (i.e., you being TF-2010).

On administration side, there was no appetite at the NSC or DOD level to do this. They don't want to know. "No Contracting with the Enemy" - trying to address \$50K contracts isn't worth it.

Estimate 25% of the \$106 billion went to transnational crime and insurgency. Another 15% went to transnational crime and government corruption.

### Lessons

If you don't gather the right data up front, you'll never get it. If you do, and have insistence on that, you'll get the info and start a process that perpetuates. You need rigor and someone to stay on top of it.

People come on fast rotations, and have different beliefs about what to do.

We don't understand, or have the training, or have the skills, or the capacity to apply our knowledge/abilities. We're talking about economic warfare, and the USG doesn't have a home for it. It goes beyond Treasury.



## LESSONS LEARNED RECORD OF INTERVIEW

"Money as a Weapon System" didn't consider that we need to counter the use of it, too. In Afghanistan, most money came from contracts. We also didn't think through the consequences of their picking up a paycheck - well of course I'm going to \_\_\_\_\_?

Commented [REDF]: Could we do an analysis of flow of money into Afg - what portion was USG contracts, other donor contracts, ID money, on-budget assistance, etc? As fraction of GDP? This must exist - see WS and ICF reports. But how can we break down money that USG spent on Afg and not IDAfg?

There needs to be a recognition that in a conflict zone, there's a whole different set of rules. The sense that contractors will follow our rules is flawed. Need to recognize there is a whole other set of rules, illicit side. Use tactics, techniques, and procedures (TTP) and elements we'll need to identify, target, and act upon targets - independently or together.

They responded when we started looking at subcontractors; they created shell companies. You have to look at the whole life cycle / web of subcontractors, and realize this guy shows up here, here, here. It's financial warfare - and this doesn't exist just in Treasury. Need to factor this into warfare and diplomacy. Treasury will say it's my lane.

Start with a requirement to gather right data up front, so you know what you're getting for your investment.

The Contracting Officer Representative (COR) function needs attention. Quality control does not get done unless it's part of COR responsibilities. Also acknowledge we're putting the COR at greater risk, where people are going to pounce on him. Bringing exposure, risk, difficulty, because now have traceability.

Main State said no to depth of vendor vetting.

Composite database that TF-2010 built: just getting info for the prime contractor level, for a common database, required us to go to 40 different systems, and 27 different organizational elements. As for subcontractor level, it was all manual. Also, our government systems have different forms, and because we were dealing with complicated, conflicting info, it was easier to enter all data types in to a database together, then do analysis by a human being.

Acquisition Accountability Office; Contracting requirements system

\$14 million was allocated to set up an Acquisition Accountability Office. TF-2010 was assigned the task. But the DCMO (Deputy Commander Management Operations) took that money and spent on consultants for stop-gap solutions. We found out when the money was almost gone.

They missed 12 fields that would have made the system (SBS system?) complete. To do a contracting requirements system \_\_\_\_\_ SBS was at the edge of being complete. CHASM: Did SPOT under DCMO, some back room deal. For a requirements system, you need to ask, e.g. is this program sustainable? Is this program in a contested zone? → Neither of these is included as one of fields!

JCOA report: They might have interviewed a lot of later people in TF-2010. If so, then there are gaps in their analysis.

Follow up: