

Record of Interview

Title	Management of Contractor Personnel in Contingency Operations
Purpose	To document existing DOD and inter agency policies and changes in policies on private security contractors
Contact Method	Face-to-Face
Contact Place	Pentagon, Arlington, VA
Contact Date	July 7, 2004
Participants	Steve Sternlieb, Assistant Director, DCM Carole Coffey, Analyst In-Charge, DCM Ryan Ona, Intern, DCM

(F) | Comments/Remarks:

We spoke to ██████████ during a visit to the Pentagon, Arlington, VA to discuss the current status of the DOD directive and interagency policy memorandum regarding management of private security contractor personnel in contingency operations. The new DOD directive and instruction, "Management of Contractor Personnel During Contingency Operations" and "Procedures for the Management of Contractor Personnel During Contingency Operations" respectively, are currently "draft" DOD working papers. ██████████ provide us with copies of the draft instruction (version: June 15, 2004) and the draft directive (version: June 21, 2004). The ██████████ told us that the recommendation for DOD-wide guidance for using contractors on the battlefield which was in GAO 03-695 *Military Operations: Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in Military Plans* (June 2003) was the driving force behind both the instruction and directive.

(F) Originally, the Coalition Provisional Authority (CPA) in Iraq expected the military forces to provide force protection for all contractors whether they were working for the military or the CPA. As reconstruction began, the CPA realized that DOD could not reasonably provide security for over 2500 sites. Since then, typically all DOD contractors (such as LOGCAP) would have the military provide force protection where as CPA contracts (basically, any agency other than DOD) would have the contractors provide their own force protection (though private security contractors).

In response to (1) GAO's June 2003 report on contractors on the battlefield, (2) the realization that DOD is increasing its use of contractors, and (3) the National Defense Authorization Act for Fiscal Year 2005 (H.R 4200), DOD is finalizing a directive and instruction that will provide guidance on managing contractor personnel during contingency operations. The currently drafted directive states that DOD policy is to "provide force protection of contractor personnel. [...] Geographic Combatant Commanders shall provide force protection through military means, commensurate with the level of force protection provided DOD civilians, unless valid contract terms place that responsibility with another party. [...] Contractor personnel may only be armed for self-defense or security pursuant to reference b [which is the aforementioned currently drafted DOD instruction]. Basically, unless otherwise written in the contract, DOD will provide force protection for contractors. Unlike old DOD guidance, the new directive does specifically allow for exceptions to

be made in the contracts; which would allow armed, private security contractors rather than military forces to provide security. Furthermore, the directive explicitly states that "arming contractor personnel for [reasons] other than self-defense or security during contingency operations or within an area of international armed conflict creates an unacceptable risk that contractor personnel could be viewed as unlawful combatants..." Plainly, contractors during contingency operations can only be armed for "self-defense and security."

The currently drafted DOD instruction repeats many of the same policies (as the directive) regarding the provision of force protection for contractors and actual authorization for the possession and use of weapons by contractors. It also explicitly states that "contracts for security services shall not be used for direct support of combat operations where hostilities are ongoing or imminent. In addition, contract security will not be authorized to guard U.S. or coalition military supply routes, military facilities, military personnel or military property."

(P) According to [REDACTED] there is also an Interagency Policy Memorandum that will address contractors and inter-government agency relationships and coordination with regard to contractors in Iraq. The Interagency Memo apparently will draw much of its policy and wordage from existing CPA orders, regulations, and memorandums. The DOD directive and instruction and the Interagency Policy Memorandum address "different phases of the operations," respectively. [REDACTED] "The DOD directive holds up to the point of 'nation building', which is when other [government] agencies get involved. [...] The interagency memo addresses the 'country rebuilding' [portion] of the operation." It is important to note that the drafted interagency policy memorandum currently written only to address the operations in Iraq.

According to [REDACTED] major challenges in determining policies to manage contractors in contingency operations are the legal issues surrounding the "classification of contractors" (i.e. civilians vs. combatants). As contractors have more say in the actual contracts, in effect having more effect on regulations governing the contractors, the "gray area" in classifying [private security] contractors has the potential to grow. According to [REDACTED], currently, the term "contractors" includes "everyone" (including all subcontractors who can sometimes be foreign nationals). Possibly, different tiers of contractors need to be defined.

With regards to command and control of private security contractors, in future operations, contractors will have to "register" themselves with in-theater military forces so that the contractors will have more "visibility" to the military. Furthermore, a "security operations center" will be set up as an information dispatch center to alert contractors of dangerous areas and "hot spots" in the theater. According to [REDACTED], in regards to military support of private security contractors in the case of an attack, the policy will probably read: "military assistance *may be* available to the contractors;" therefore, there is no "real (legal) committal" for the military forces to support the contractors.

[REDACTED] Iso provided other points of contact:
[REDACTED]
[REDACTED]

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[REDACTED]

He also mentioned that after-action reports of contingencies involving private security contractors in Iraq would probably be available through Joint Forces Command (JFCOM).

Record of Interview

Title	Informational Interview with Private Security Contractor
Purpose	To gain an inside perspective on the current PSC situation
Contact Method	Face to Face
Contact Place	GAO HQ, Washington, DC
Contact Date	July 27, 2004
Participants	[REDACTED] Steve Sternlieb, Assistant Director, DCM Carole Coffey, Analyst in Charge, DCM Glenn Furbish, Senior Analyst, DCM Kate Walker, Analyst, DCM Ryan Ona, Intern, DCM John K. Needham, Assistant Director, ASM Christina Cromley, Senior Analyst, ASM Bill McPhail, Senior Analyst, ASM Gary Delaney, Senior Analyst, ASM William Petrick, Junior Analyst, ASM Lara Laufer, Senior Analyst, ASM Judy McCloskey, Senior Analyst, IAT

Comments/Remarks:

[REDACTED] with us to relate his company's experiences and perceptions as a private security contractor in Iraq. [REDACTED] provides personal, site, convoy, and area security as well as thread assessments and red teaming. [REDACTED] less than [REDACTED] Its founders and new CEO [REDACTED] have Special Forces military backgrounds and previous security contracting experience. [REDACTED] is recently wor [REDACTED] ontracts with Coalition Provisional Authority (CPA).

The company has 800 employees, composed of roughly one-third U.S. nationals (USN), one-third third country nationals (TCN), and one-third Iraqis or home country nationals (HCN). [REDACTED]

[REDACTED] as a "handshake agreement" with the DOD not to recruit active duty personnel. [REDACTED] developed a pay scale according to market pricing. [REDACTED]

(e) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] has suffered 13 Defense Base Act (DBA) injury claims since entering Iraq. [REDACTED] sets its own training standards. Its employees must complete four weeks on intensive training in the United States, including skill and physical training and psychometric testing. [REDACTED] y also has a fixed cost contract.

Triple Canopy?

(e) [redacted] solely provides protective detail. Similar to many other big companies, they do not offer convoy security. [redacted] explains that the DOD is not willing to pay the costs of "doing the job right." For example, DOD is currently looking for a PSC to lead a 100 vehicle convoy from Amman to Baghdad for around [redacted]. [redacted] contends that [redacted] would not cover the type of protection such a convoy would necessitate.

[redacted] has a number of concerns with the current situation in Iraq. Key issues are: the regulations involved in weapon purchasing and transport, lack of military backup, chain of command, communication with US military and among private security firms, and industry involvement in regulation decision-making. In addition, [redacted] believes that Memorandum 17 needs to be revised.

(e) [redacted]

[redacted] also reported a lack of military backup and support. In several circumstances, [redacted] has called for military assistance and has not received any aid. [redacted] also reported that there is some ambiguity within the chain of command following the rollover of contracts to the State Department. While [redacted] gets their money from Defense Finance and Accounting Service (DFAS), they do not know who has taken authority of their contract.

Communication problems are another issue plaguing private security companies (PSCs). [redacted] reported duplications within the distribution of frequencies in Iraq, which could lead to potentially dangerous situations. In one specific example, [redacted] reported that [redacted] had overlapping frequencies with PSC [redacted] who required military aid and were requesting an air strike. Had crossed wires not been untangled, [redacted] site might have been bombed at [redacted] bidding. [redacted] and after-action report.) In addition to frequency issues, PSC are not communicating with each other or military. Some PSC have attempted to address this communication gap by gathering and distributing intelligence via email list serves, but eventually this effort has only been half-hearted as PSC are wary of indiscriminate information sharing. [redacted] reported that PSCs have little faith in sharing information with USG because they fear that it would not be utilized.

[redacted] concerned with Memorandum 17. They find it to be unclear and poorly written. In addition, they are wary of the Memorandum because it places PSCs under Iraqi law, which has not been ratified. PSC are already starting to experience repercussions from the Memorandum as insurance companies are increasing their premiums to counter the unknown consequences or Iraqi jurisdiction. [redacted] is also irritated that they are audited every six months by the Iraqi government. They believe that companies will begin to "cook their books" in order to avoid potentially higher taxes or bonds. [redacted] would like to see diplomatic intervention from the United States addressing Memorandum 17. They believe that the Memorandum was largely

written without industry insight and that it is not logistically feasible given the short time frame within which the Iraqi government is trying to implement it.

The transfer of information relayed to the Iraqi government via weapons cards is another area of interest for [REDACTED]. Data from about 3,500 people including names, addresses, social security numbers, and date of birth were handed over during the CPA rollover. [REDACTED] concerned that this transfer of knowledge was a breach of the Privacy Act.

In order to address these concerns, [REDACTED] has joined International Peace Operations Association (IPOA), an association of military service operator providers who are lobbying Congress to address their concerns with Memorandum 17 and to improve coordination between private security firms and the military. In addition to [REDACTED] International Peace Operations' current members include ArmourGroup, Main Street Supply, PAE, Airscan, ICI of Oregon, MPRI, and J-3 Global Services.

[REDACTED] is also very concerned about the [REDACTED]. They believe that [REDACTED] does not have enough experience in Iraq and that the contract workload is too heavy for [REDACTED] capabilities.

[REDACTED] also offered his opinion of the current top PSC in Iraq:

British Firms:

- *Aegis*
- *Armor Group*
- *Control Risk Group (CRG)*
- *Erynis*
- *Global Risk*
- *Hart*
- *Olive*
- *Pilgrims*

US Firms:

- *Blackwater USA*
- *Custer Battles*
- *Diligence*
- *DynCorp*
- *SOC*
- *SMG*
- *Triple Canopy*

South African Firms:

- *Meteoric Tactical Solutions*

Record of Interview

Title	Informational Interview with Private Security Contractor
Purpose	To gain an industry perspective on the current PSC situation
Contact Method	Face to Face
Contact Place	GAO HQ, Washington, DC
Contact Date	July 28, 2004

Participants

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- [REDACTED]
- Steve Sternlieb, Assistant Director, DCM
- Carole Coffey, Analyst in Charge, DCM
- Glenn Furbish, Senior Analyst, DCM
- Kate Walker, Analyst, DCM
- Ryan Ona, Intern, DCM
- John K. Needham, Assistant Director, ASM
- Christina Cromley, Senior Analyst, ASM
- Bill McPhail, Senior Analyst, ASM
- Gary Delaney, Senior Analyst, ASM
- William Petrick, Junior Analyst, ASM
- Lara Laufer, Senior Analyst, ASM
- Judy McCloskey, Senior Analyst, IAT

Comments/Remarks:

[REDACTED] met with us to discuss their company's impressions of the current situation in Iraq. [REDACTED] founded [REDACTED] years ago. The company originally [REDACTED] departments on its 6,000-acre private base in [REDACTED] [REDACTED] has since expanded its business model and now offers training, security consulting, aviation, and canine services. In the past two years, [REDACTED] has trained over 60,000 sailors at various places around the United States. [REDACTED] moderate-high to high-risk tactical solution provider. It has a robust armory; weapons storage and ammunition supply built to military specifications. The company [REDACTED] to use weapons and vehicles. The company has invested \$15-20M in their training facilities. [REDACTED] trains 300-400 people every day, including federal, state, military, and security personnel. [REDACTED] is currently working under a Blanket Purchase Agreement in Iraq. [REDACTED] has a number of classified contracts in Iraq. Most of [REDACTED] contracts are with the USG. [REDACTED] does not utilize subcontractors.

[REDACTED] employs 200 people and has about 1,000 independent contracts with about 450 in actual rotation. [REDACTED] trains its employees according to its own physical standards and also conducts extensive clinical psychological testing to ensure that they have the "right man for the job." [REDACTED] hires its employees on a trial basis, placing them on a rotation to see if they work out. [REDACTED] does not renew contracts with employees who do not meet expectations in the field. Approximately 30% of employees are lost to such attrition.

[REDACTED] reports that while [REDACTED] salaries are lower than other PSCs, the company also offers stronger employee benefits. [REDACTED] focuses on building human capital and retaining

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good employees. [REDACTED] intends to stay in the market for the long run and prefers not to be a "flash in the pan". [REDACTED] has five tiers of employees. [REDACTED]

[REDACTED] About [REDACTED]
[REDACTED] To ensure that its employees remain vigilant and to prevent burnout, [REDACTED] limits the amount of time that employees are out in the field.

There are currently 32 task orders under the Security Service to Iraq (SSI). Seven companies have been issued these 32 tasks. Originally, [REDACTED] had ten tasks; they now have seven contracts as some have been consolidated. DOS funds [REDACTED] contracts. [REDACTED] also provided security detail for [REDACTED] and currently provide [REDACTED] with security. [REDACTED] also has classified contracts in other countries including Afghanistan. [REDACTED] contracts for USAID and subcontracts for the Army Corps of Engineers. Since entering Iraq [REDACTED] has lost 9 employees and has filed 7 injury claims with the DBA.

[REDACTED] finds that the USG in Iraq is in disarray. He contends that there are minimal to no convoys in Iraq because of the poor state of things. [REDACTED] believe that the forces are currently running without the security that is necessary and finds that USG is seeking contracts for convoy trailers that are too small to afford the appropriate security coverage. For example, the USG wants to move 11-16 tons of trucks from Jordan to Iraq for \$5M. [REDACTED] believes this sum is too small to be realistic.

[REDACTED] finds that PSC are severely restricted by USG regulations. He feels that the Defense Federal Acquisition Regulation or DFARs and ITAR have put PSCs at a definite disadvantage; PSCs are unable to get the weapons they need. For example, the regulations restrict the ability of PSC to import body armor into Iraq without DOS approval. DOS, in fact, has a long list of defense articles (including body armor) which PSCs cannot import into Iraq without approval. The approval process is rather lengthy and this has forced [REDACTED] to either get their weapons on the world market or on the street corner in Iraq.

Air transportation and regulation is also a major issue in Iraq for PSC. SFAR 77 gave the FAA the ability to restrict American flights into Iraq. As a result of this regulation, PSCs are resorting to flying JordAir, which ends up being more expensive both for PSC and for the USG—especially given that many USG contracts are cost plus. [REDACTED] happens to have an aircraft in Iraq for Negroponte, but they cannot use the aircraft for alternative uses.

[REDACTED] feels that PSCs are "at the bottom of the barrel." They don't have military authority and are heavily regulated. [REDACTED] thinks that the restrictions would be fine—if PSCs were backed by the military. [REDACTED] cites numerous examples in which they asked for help, but USG didn't come to their aid. Instead, PSCs are left without military aid and are not allowed to defend themselves.

Communication is also an issue in Iraq. [REDACTED] reports that ad hoc communication exists between PSCs, but needs to be more structured. He would also like to see someone at DOS to champion communication with foreign ministry and advocate for PSCs. Key among his concerns with the new Iraqi ministry has been Memorandum 17. Memorandum 17 was unexpected by PSCs.

Record of Interview

Title	Regulation of PSC in Iraq
Purpose	To learn more about CPA regulation of PSC
Contact Method	Face to face
Contact Place	Pentagon
Contact Date	August 10, 2004
Participants	[REDACTED] Steve Sternlieb, Director, DCM, GAO Carole Coffey, AIC, DCM, GAO Kate Walker, Analyst, GAO

Comments/Remarks:

[REDACTED] met with us to discuss their knowledge of CPA provisions for private security contractors (PSCs). [REDACTED] works for the [REDACTED] PCO), formerly known as the Project Management Office (PMO). The PCO is a Department of the Army that serves as an operations intelligence center for military based in Iraq. The PCO is responsible for executing the \$1.4B Iraqi reconstruction fund. Prior to working for the PCC [REDACTED] was in the intelligence community for a number of years and later moved into the private sector working in international corporate finance accounting. [REDACTED] For the past fourteen months, he has been working on Iraq issues. He is currently the [REDACTED] PCO. [REDACTED] wrote the [REDACTED]. He worked with [REDACTED] a CPA employee that attempted to address PSC issues in Iraq, on this letter.

[REDACTED] is no longer on the CPA staff or working for the PCO. She explained that she was not a contracting officer; rather she was a [REDACTED] focusing specifically on timelines. [REDACTED] worked for [REDACTED] before coming to the CPA. When she left the CPA, she went to work for the Army.

Tracking PSCs in Iraq

[REDACTED] stated that the list of companies providing private security in Iraq in the response letter from the CPA to Congressman Skelton was a guess because there is no database that holds PSC information in Iraq. The companies listed were drawn from [REDACTED] experience with contractors in Iraq. [REDACTED] thinks that the State Department (DOS) might have some records, but believes their information to be very limited. In addition, he finds the embassy headcounts of PSC personnel to be inefficient because many PSC personnel only in the country for a short time fail to report their presence. [REDACTED] so believes that Army counts on PSCs are inaccurate. Many companies get into Iraq whichever way they can and then register later. [REDACTED] holds that it would be difficult to report on the number of PSC in Iraq because no one source holds the entire universe of contractors in the CENTCOM AOR. In addition, of the data that could be collected, we still wouldn't know what kind of error existed in the data and could not separate security contractors from other contractors.

(f) Until [redacted] assumed his position in Iraq, [redacted] stated that there wasn't anyone dealing with PSC issues or tracking their presence in Iraq. No regulations existed which required PSC to meet with him or coordinate with the CPA. Essentially, [redacted] was at the mercy of the PSCs and could only meet with those companies that volunteered to meet with him. By default, [redacted] became the hub of information for PSC. From [redacted] perspective, PSCs were not a part of CJTF7's purview; PSCs were shut out. [redacted] was the first to implement registration for PSCs and their weapons; he issued weapons cards in accordance with CPA Order 3. Under [redacted] command, PSCs also had to register with the PMO or sector PMO (the PMO is now the PCO per [redacted] PSC did not have to register information on home country nationals (HCN).

(f) To help bridge the information gap that PSC faced, [redacted] arranged an informal weekly social event at the Palace for PSCs to gather and share any intelligence they had gathered. [redacted] also utilized email newsletters to update and inform participating PSCs of any intelligence he received from either other PSCs or his contacts in the military. Any intelligence that he received was not attributed to its contributor. Since [redacted] taken on the onus of information sharing for PSC [redacted] indicated that some PSCs garnered information informally through their contacts in the military. Official contacts in the military for PSCs, however, were few and far between. In addition to [redacted] previous and [redacted] current efforts, [redacted] is running a fusion center for PSCs. The PCO also recently awarded a contract to [redacted] create and implement a defense communication system for sharing operational and intelligence information between the military and PSCs. [redacted] reports that, as it stands now, the military does not know what is happening on the ground with regard to the movement of PSCs.

Memorandum 17

(f) Memorandum 17 was created by [redacted], a member of the MOI staff in order to address the lack of licensing or registration required for private security contractors. Memorandum 17 also addressed concerns that insurgents might use PSCs as a cover that would allow them to commit subversive acts. [redacted] assigned Memorandum 17 to include a number of hurdles that he believed legitimate PSCs could overcome easily. Under Memorandum 17, PSC are required to 1) submit information to sector PMOs, 2) obtain a business license from the MOT and 3) get an operating license from the MOI. Memorandum 17 also increases the training requirement for PSC personnel. [redacted] reports that these standards will be tougher for mid- and lower-tier companies to obtain. Upper-tier companies should have no problems meeting these requirements. The point of these hurdles was not to overly burden PSCs, but rather to keep out illegitimate PSC. While Mr. [redacted] acknowledges that Memorandum 17's requirements are slightly burdensome, he does not think that they are overly stringent. Rather, he believes the regulations reflect the typical type of hurdles that companies face in 3rd world countries, given his background in international business. Memorandum 17 was also created to better address the fact that Iraq is becoming an individual nation and serves as a baseline for Iraq. Memorandum 17 also gives PSC personnel immunity while they are on duty in Iraq. If they are off-duty and commit a crime, however, they will be held liable to Iraqi law. In conjunction with Memorandum 17, a guidebook for PSC has been put together, but has not yet been released. [redacted] sure that MOI/MOT is at the point to address Memorandum 17 now, but said that [redacted] would know better. [redacted] thinks that they probably do not have the capability.

Communication

(f) In the past, communication has been a definite problem for PSCs. [redacted] reports that a more robust system for dedicating frequencies is now in place, making it easier for PSC to get their own frequency band. [redacted] reported that PSCs have contact information for military officials and that the military is accessible via telephone and cellular modes. [redacted] did not, however, know how often and under what circumstances PSCs call and request military aid.

What the Military Provides

[redacted] found that the military helped PSCs to the extent to which they could afford. He also believes that the military would be more inclined to help higher profile contracts. The general sentiment among military officials is that most contractors have their own security or subcontracted for security, so military aid was not necessary. [redacted] assumes that military approaches to PSCs are partially personality driven. Convoy security and aid from the military was few and far between. [redacted] said that more experienced PSCs will sometimes put convoys together with other PSC. [redacted] also reported that PSCs that met with him were coming up with their own escape plans because DOS was wrapped up in itself. He suggested that we talk to people on the ground in Iraq to get a clearer picture of how the military operates with PSCs.

CPA Usage of PSC

The CPA used contract security extensively at its 8-10 compounds around Iraq. As the CPA facility is going away, the organization no longer needs PSC contracts. All but four former contractors with the CPA have lost their jobs; DOS overtook the contracts of those that are still employed.

Incident Reporting

When PSCs come under attack, they can file situation reports (sitreps) on the SIPRnet. These reports typically cover rocket attacks, mortar rounds, convoy attacks, etc. These sitreps are not comprehensive, however, as [redacted] believes there to be a large degree of underreporting.

[redacted] contract

(f) There are a lot of concerns among PSCs about the leadership of the [redacted] and their background. [redacted] recalls that [redacted] had a strong proposal.
(Analyst note: We requested a copy of the contract from [redacted])

[redacted] suggested that we contact:

- o [redacted] works with contractors accompanying the force.
- o [redacted] -MOI employee that wrote Memorandum 17.
- o [redacted] DOS contact that deals with PSCs in Iraq, etc.

Record of Interview

Title	[REDACTED] Coordination with Military
Purpose	To understand how [REDACTED] and its subcontractors coordinated with the military
Contact Method	Face-to-face.
Contact Place	[REDACTED]
Contact Date	August 11, 2004
Participants	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] Carole Coffee, GAO Dave Grover, GAO William McPhail, GAO Steve Sternlieb, GAO Kate Walker, GAO

Comments/Remarks:

[REDACTED] is a military contractor that provides [REDACTED] the US Army under the [REDACTED] and [REDACTED] contracts. Under this contract, the Army is supposed to provide [REDACTED] with security protection. In addition to this protection, [REDACTED] subcontracts for security with the [REDACTED], a private security firm based out of [REDACTED]. In this meeting, a number of [REDACTED] officials spoke with us about the current situation in Iraq, their experiences with the US military and the subcontractor relationships. [REDACTED] did most of the talking. [REDACTED]

[REDACTED] major contributors [REDACTED] utilized a PowerPoint presentation to review the questions that we had sent to them in advance. (Analyst Note: Presentation included in Interview Notes.)

Presence in Theatre

[REDACTED] currently has [REDACTED] personnel in theatre [REDACTED] rotates its employees in and out of field on yearlong rotations. Some people choose to stay the whole rotation.

[REDACTED] (e) [REDACTED]

Regional security managers handle sectors of Iraq. The security manager manages main camps and sites in Kuwait, Iraq, etc. [redacted] is the [redacted] in Iraq. [redacted] reports to the military officials almost hourly. Security coordinators are typically US expatriates with security clearances that work at Army camps. While their roles and responsibilities vary with their location, their primary job is to serve as the senior liaison with the US military and make sure that force protection measures are in place. Security technicians write reports and conduct analysis of security situations.

[redacted] has a regional office in [redacted] at the [redacted] which is protected by US military perimeter defense troops. [redacted] works out of the [redacted] office. [redacted] subcontracts with the [redacted] for security protection.

Military Force Protection: Who is responsible?

The military provides protection for [redacted] contractors. This protection is delegated to coalition forces in the sector closest to the contractors. Currently, coalition forces provide limited perimeter protection. [redacted] notes that coalition forces lack of quick response teams and that some coalition sectors could be stronger. [redacted] states that they are not receiving the amount of force protection [redacted] contractually entitled to in coalition sectors. The military also provides protection for first tier subcontractors located on Army bases, and sometimes will also provide protection for second and third tier contractors if they are located on an Army base.

What level of protection is provided?

Under the provisions of the [redacted] contract, the US military is required to provide its contractors with the same level of protection as that provided to the military troops. The level of protection is decided cooperatively based on [redacted] performs vulnerability assessments. If KBR had concerns, their first response would be to talk to [redacted] they wouldn't go directly to the military. If that attempt elicited no response, [redacted] then go to the PCO in writing.

On Army camps, 1st tier subcontractors working with [redacted] are entitled to the same level of protection granted to [redacted] below first tier subcontractors. [redacted] was unsure about the level of protection provided to contractors by the military. He assumes that if the subcontractor were on the base, then they would get the same level of service as first tier subcontractors. But, most second and third tier subcontractors typically do not live on [redacted] camps/sites.

In general, [redacted] received good cooperation and support from the U.S. military. While there have been some minor incidents, [redacted] unaware of any major situations in which [redacted] sn't received good support from the military. [redacted] nd. [redacted] have a very "symbiotic relationship" with the military as most of its employees were former military officials.

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[REDACTED]

Military Force Protection: *Convoys*

The US military is responsible for establishing security requirements and coordinating details for contractor convoys. [REDACTED] works "hand and glove" with their military counterparts to help assess whether convoy standards meet adequate protection levels. If [REDACTED] isn't satisfied with the level of security offered by the military, [REDACTED] to contact their prime security manager. The manager can then talk to the commander. The military is also responsible for coordinating dedicated detail for convoy travels from point A to point B. [REDACTED] has a dedicated team for convoy/personnel movements that coordinates with the military, [REDACTED] employees and subcontractors.

[REDACTED] believe that convoy details are dedicated to specific regions, resulting in convoy handoffs at checkpoints between sectors. Military requirements for convoys are written into Fragmentary Orders (FRAG Orders). Specific force protection requirements are based on the size of the convoy. (Analyst note: See page 7 of the [REDACTED] Force Discussions PowerPoint presentation.)

[REDACTED] is heard about situations in which the ratio for convoy security was not sufficient. [REDACTED] acquiesced to this statement, saying that he was not sure if the Army's status quo requirements provide enough protection to securely cross convoys. He said that J [REDACTED] would better be able to answer that question. [REDACTED] stated that in the early days there could be as many as 1,000 trucks backed up awaiting security details.

Because convoy transportation is so insecure, [REDACTED] is an air shuttle run that goes to five locations in Iraq. [REDACTED] also noted that there is a problem with "free wheelers" in Iraq. "Free wheelers" are contractors that don't want to wait for US Army protection for their convoys. [REDACTED]

One of the most dangerous roads to travel in Iraq right now is the 13km road from Biop to the Green Zone. This is a military supply route/army supply route (MSR/ASR) that needs to be protected. The MSR/ASR is not secure right now. [REDACTED] that even in secure places there is still rock throwing, etc., that is thwarting progress. [REDACTED] provided the following anecdote to illustrate his point. He spoke with a victim of the 9 April 2004 convoy attack that it was the 5th convoy that he had been in that had been attacked. [REDACTED] reported that the convoy experience is different in different parts of Iraq. The South is unlike the West, East, or North.

The PMO keeps a tally of convoy attacks. [REDACTED] operational center in [REDACTED] keeps tabs on attacks on contracts for [REDACTED]

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Multinational Coalition Force Protection: *Convoys*

The general expectation among the multinational coalition forces is that [REDACTED] would fend for themselves; PSCs are the lowest priority for coalition services. Convoy movements have to be

scheduled. Un-scheduled/non-regular convoy protection is nearly non-existent. The company will not move unless they are secure. [redacted] stated that if their inability to move impedes their ability to fulfill the contract they would bring it up with their contracting officer. [redacted] thinks that the convoy protection is under charter of [redacted]. While [redacted] believes that there are areas in convoy protection that could be stronger, they have not yet reached the threshold where they can say they are not getting adequate protection and need to subcontract for security.

Weapons:

It is against [redacted] and [redacted] provisions for [redacted] employees to hold guns; [redacted] employees are not shooters. If anyone is found with a gun, he/she is fired immediately. Subcontractors protecting [redacted] such as the [redacted] however, can have weapons if they are required in the scope of work (SOW) for the subcontractor.

Subcontractors have run into a number of problems acquiring weapons. [redacted] contract reported that, "it is very difficult to get weapons; availability is everything." The requirements are based on cost importation and custom issues include:

- o 7.62 mm for rifles
- o Minimum 9 mm for side arms
- o Some AK47/45 and MP5 can be allowed depending on subcontractor location

[redacted] reported the [redacted] subcontracted had originally planned to import and lease their weapons on day rate, but UN embargo prohibits importation of weapons. Ultimately, the [redacted] contractor, ended up buying in country, forensically clean weapons and register them on government property books.

[redacted] informed us that a FRAGO had been issued defining which small arms/personal weapons could be used in Iraq. This FRAGO also required those operating or owning guns in Iraq to have weapons cards. (Analyst note: We have a copy of this FRAGO issued in September 2003 in our files.)

Camp Protection

[redacted] unaware of any contractors living outside military camps in Iraq. There is a concern that high-rise hotels are too dangerous, when but 500-600 people are cycling in at a time, [redacted] few choices other than housing them at a hotel. At complexes with a large number of people [redacted] can hire PSC, but they have to be unarmed. There is no security at such hotels other than unarmed military. Recently, [redacted] has been warned about the security situation in Kuwait. There is some intelligence that the local insurgents were specifically striking contractors.

Records of Activity: *Military Reporting*

FRAG orders are distributed by and to all military.

Records of Activity: *Daily Reports*

[redacted] daily report about all personnel at each of [redacted] its subcontractors' work locations by pay rate. He also has a roster of all personnel present for

(2) duty and their registered weapons. Activities are well recorded. The most common incidents vary depending on your location.

- o North: rockets, improvised explosive devices (IEDs), mortars.
- o Baghdad: Everything, vehicle borne IEDs, IEDs, kidnappings, small arms fire (SAF), rockets, mortars, attacks on camps, convoys, aircraft
- o South: Occasional mortar attacks, hijackings, theft, vandalism

Records of Activity: *Operations Reports*

Operations reports have evolved over time and give security managers insight into what types of issues different bases are facing. They are provided and maintained in the security managers' offices in Iraq. The [redacted] submits operations reports as well. The [redacted] is also absolutely required to provide an after-accident and incident reports [redacted] suggested that the new Project Manager would be the best person to talk regarding operations reports. The only reports seen in Houston office are serious reports that have to be given to the client. Serious reports involve the destruction of government property, USG embarrassment, or death/injury of contractor personnel. Serious incident and operations reports also go to the PCO. [redacted] not contractually required to report security concerns to the PCO. [redacted] as lost 42 [redacted] people (including subcontractors) to date in theatre. Anytime a service person is injured or killed, [redacted] reports to the PCO. [redacted] does not know, however, what the PCO does with that information. [redacted] reports both [redacted] and subcontractor information to the PCO. [redacted] general sentiment is that nobody has a grip on the contractors' facilities, etc. because PSCs are not required by contract to report anything. (Analyst note: [redacted] suggested that [redacted] would be the best person to ask [redacted] reports to the client if anyone dies.)

Intelligence Sharing: *Among PSCs*

Currently, there are no contractual requirements that PSC communicate with each other, but intelligence sharing between all major companies is occurring. Note, however, that those companies perceived as "fly-by-night types" by major companies are not included in this communication.

Emergency Action Plans:

All [redacted] locations have an emergency action plan. [redacted] reports, however, that many military units have not created a coordinated emergency action plan with their contractors.

CONTRACT

Force Protection

The original [redacted] and PCO Oil Contract required that the Services Theater Command provide [redacted] with force protection "commensurate with that given to Service/Agency civilians." As this force has been found insufficient, the [redacted] contract now has a hybrid of military security augmented by private security subcontractors. [redacted] private security supplements the guard force in camps, provides escort security to move to work sites, and temporary perimeters at worksites. [redacted] supplemental security protects itself, its subcontractors, and DOD civilians. Coalition Forces still, however, provide a secure perimeter for the areas where [redacted] ts subcontractors, and DOD personnel sleep. The [redacted] p came aboard the [redacted] contract [redacted] [redacted] provides security for pipelines [redacted] s unaware of any subcontractors f [redacted] roviding private security for oil.

[REDACTED] has provided us with a copy of these convoy requirements. When crossing sector lines, force protection changes for supply and employee convoys; mail convoys have dedicated escorts and do not change between sectors. Army escorts can be the military police (MP), troops, combat arms, combat support (CS), or combat service support (CSS) units. [REDACTED] reports that [REDACTED] drivers occasionally complain that they do not have combat arms escorting their convoys. But, he believes that this is just a grip and that CS and CSS units have provided sufficient force protection to date.

[REDACTED] had to occasionally leave a vehicle behind if it is not usable. These vehicles are typically burned so that insurgents cannot use them. If a vehicle is burned while in protected convoy transport, [REDACTED] can submit claims for reimbursement to the PCO. [REDACTED] must also submit a loss, damaged, or destroyed (LDD) report to the PCO, but it must be approved by to be government property.

[REDACTED] has transportation operations center at every location they have in theatre. [REDACTED] vehicles are required to inform these transportation operations centers of their movement. Most [REDACTED] vehicles have QualCom satellite systems that allow them to communicate with theatre transportation operation centers. [REDACTED] vehicles also carry satellite phones. [REDACTED] convoys follow Army command. [REDACTED] theatre. [REDACTED] d coordinates convoy movements with the commander in Kuwait and Anaconda in Iraq. He also works with [REDACTED] in Baghdad to coordinate movement. (f) (p)

[REDACTED] would like to see [REDACTED] move away from ground transportation to air transportation.

CHAIN OF COMMAND

[REDACTED] finds that there is no "security chain of command" in Iraq; program managers are the chain of command. [REDACTED] is the [REDACTED] Middle East and Asia. [REDACTED] is the [REDACTED] le is located at the [REDACTED] in Baghdad. [REDACTED] has provided us with a matrix of the chain of command for [REDACTED] in addition to the lack of a security chain of command, [REDACTED] also believes that technical stove piping is also a problem.

FORCE PROTECTION AND SECURITY

Under [REDACTED] the Army is contractually required to provide force protection for [REDACTED]. To date, [REDACTED] not had to supplement the security that the Army or Rangers provide with private security guards. Several months prior to the interview [REDACTED] attempted getting more protection. [REDACTED] was concerned that the force was getting smaller and would not have sufficient resources to provide [REDACTED] adequate protection. Ultimately, [REDACTED] decided against it because it was cost prohibitive. In addition, the government would have to indemnify it, further complicating matters.

INTERNAL REPORTING

The government requires that [REDACTED] provide them with after-incident reports, daily SITREP reports (including personnel status), the death of an employee, etc. [REDACTED] provided us with copies of some of the after-incident reports. Nearly five to ten after-incident reports are written daily. These reports go to the ACO and the PCO. Convoy incident reports initiated from theatre transportation are immediately sent to [REDACTED] Baghdad where they are

dispersed. The convoy commander writes a more detailed report after the conclusion of the convoy. Reports about mortar incidents are reported to an element on the camp.

SUGGESTIONS

Overall [REDACTED] believes that [REDACTED] has a good relationship with the military. He believes that the reserves and national units do a good job and does not think that the soldiers leave anything to want. [REDACTED] did suggest that the military acquire better technology to detect improvised explosive devices (IEDs). He did say, however, that [REDACTED] investing in its own hard vehicles, ballistic blankets, helmets, and vests.

Record of Interview

Title	Meeting with the CPO
Purpose	To learn about CPO's role in managing PSCs in Iraq
Contact Method	Face-to-face
Contact Place	Pentagon
Contact Date	August 27, 2004

Participants

[REDACTED]

Dave Grover, ASM, GAO
Tim Wilson, ASM, GAO
Carole Coffee, DCM, GAO
Kate Walker, DCM, GAO

Comments/Remarks:

We met with [REDACTED] and [REDACTED] to discuss the role of PCO in organizing and coordinating contractors in Iraq. [REDACTED] works for the [REDACTED] and is located at the Pentagon. [REDACTED] has recently returned from Iraq where he dealt directly with private security contractors.

CONTRACTOR TRACKING IN IRAQ

According to [REDACTED] the PCO does not have any information on subcontracts nor do they have anyone collecting information on subcontracts. [REDACTED] believes that part of the problem is that the PCO does not have enough contracting officers to perform all of the necessary administrative tasks. With regard to communication with private security contractors (PSCs) in Iraq, [REDACTED] was only aware of an informal weekly meeting lead by ERMO advisors and hosted by the PCO. The PCO would occasionally bring in Iraqi officials to address the PSCs at these meetings.

[REDACTED] said that the only way to collect information on PSC entering Iraq would be to track them as they deployed through Kuwait. In theory, these contractors are supposed to register with the MOI as they enter the country, but in reality they rarely do. The USG only has cognizance of those contractors deploying through Kuwait of Ft. Belvedere. In order to pass through Ft. Belvedere or any official USG deployment center, contractors must have a common access card (CAC). CAC cards are given to civilians, military, and contractors. Thus, if contractors pass through a USG deployment center, they would have to apply for CAC cards and from this information the military could glean a list of contractors in Iraq. This list would not be comprehensive, however.

The following part of the write-up covers our discussion was with [REDACTED]

TYPES OF SECURITY IN IRAQ

Currently, there are four types of security in Iraq:

1. Convoy security—typically performed by civilian military

- 81.6(d)
4 types of security in Iraq
2. Site security—provided by a number of different sources including: private security contractors (such as [REDACTED] home country nationals (HCNs)/Iraqi people, third country nationals (TCN), and the military
 3. Military security—overarching security services ?
 4. Personal security—private security detail (PSD) contracted by private security companies for either contractors, DOS and other government agencies

CONTRACTS IN IRAQ

[REDACTED] aware of several contracts in Iraq.

- o Currently there are nine primes working for the PCO. The PCO provides these primes with bodyguards, a living area, site and convoy security. The PCO does not, however, provide these primes with life support.
- o DOS has PSD through a contract with [REDACTED]
- o PCO has PSD, site, and some convoy security through [REDACTED]. In addition, [REDACTED] coordinating an operation center for the PCO. [REDACTED] estimates that 80% of [REDACTED] contract is for personal security while the remaining 20% is split with 10% on the operations center and 10% on site and convoy security. [REDACTED] operations center will only be responsible for collecting intelligence and movement logistics. They will not be responsible for making decisions regarding alternate routes or coordination with the military. Currently, only three people are working in the operations center.
- o [REDACTED] in the RIO contract has the [REDACTED] providing its security. [REDACTED] living quarters at Basra and from this base camp [REDACTED] works at sites within 100 miles in southern Iraq. The [REDACTED] escorts [REDACTED] these sites.
- o [REDACTED] also gave us the most recent list of PSCs that he has from the PCO.

STAGING SITES IN IRAQ

Currently there are two staging sites for Iraq: Abu Gareb and Umkasar. Two sites will open later in Mosul and Assud. MNFI could not provide security for these sites so PCO now contracts out for security of these sites. MNFI only does military work. Military have too much on their plate. Military have a different definition of security. QRF not good enough. The military doesn't know how to prioritize.

MISCELLANEOUS COMMENTS

- o The North does not have as much control as the south.
- o Sector PMOs only give project management support. For example, they help schedule, task orders, manage construction, and handle the logistics and finances of the contract.
- o While DOD owns the contracts, the Army just oversees them.
- o [REDACTED] is unaware of any crimes being committed by contractors or any DOS policy letters dealing with contractors.
- o [REDACTED] reports that transportation into Iraq has proved difficult. They have had a hard time getting people overseas.

BLACKWATER

Record of Interview

Title	[REDACTED] interview and Site Visit
Purpose	To gain on-the-ground insight from PSCs
Contact Method	Face-to-face
Contact Place	[REDACTED]
Contact Date	August 30, 2004
Participants	Kate Hudson, DCM, Analyst Carole Coffey, DCM, AIC Steve Sternlieb, DCM, AD [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Comments/Remarks:

Founded in [REDACTED] is a [REDACTED] provides [REDACTED]
US federal, state, and local government. [REDACTED] contains [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] has multiple contracts with a number of US government agencies, including the DOD and DOS. These contracts expire in March 2004.

[REDACTED] currently at 90% working capacity and has employees in a number of countries, including Iraq, Jordan, Israel, Afghanistan and seven US states. On any given day, [REDACTED] employs between 700 to 1,000 personnel with approximately 500 men working specifically for [REDACTED] Security Consulting. While [REDACTED] employs mostly expatriate [REDACTED] also uses third country nationals from [REDACTED] for static site security. Even though their contracts do not require it [REDACTED] does not use Iraqis for security.

[REDACTED] only provides security in medium- to high-risk environments. Medium- to high-risk [REDACTED] includes guarding embassies in Afghanistan and Liberia. [REDACTED] not perform "rent-a-cop stuff." [REDACTED] offers cargo, personnel, and federal packages. They currently support [REDACTED] are working on DOD contracts. [REDACTED] leadership is mostly former Special Operations officers, Chief Warrant officers, SNCOs/NCOs. [REDACTED] has been very successful the past several years and are now afforded the "luxury of saying no" to potential jobs.

PRINCIPLE CUSTOMERS

██████████ biggest contract is under the blank purchase agreement (BPA) with the CPA. ██████████ is one of seven companies providing services under the BPA and was awarded ██████████ of the 18 task orders issued by the CPA. ██████████ won the other ██████████ task orders. DoD funds these task orders, but oversight of the contracts is a DOS responsibility. ██████████ however, is unsure about the relationship between the DoD and DOS. For the ██████████ orders it has won, ██████████

██████████ The task orders are funded through November 30, 2004. In addition to these contracts, ██████████ also subcontracts. For example, ██████████ has a contract with ██████████ the election board run under USAID. ██████████ provides convoy security for ██████████ part of a four deep subcontract in Kuwait, ██████████ is the prime contractor. ██████████ also has several contracts protecting USG American officials and high visibility USG facilities (such as consulates).

CURRENT SITUATION IN IRAQ

██████████ reports that the security situation in Iraq has gotten worse over the past year. The road to Baghdad is very unsafe and is seeing the same hits at the same sites every day. ██████████ believes that the USG needs to be more proactive and that the DOS in particular needs to improve the infrastructure for dealing with PSCs. ██████████ as found interactions with the military to be tense and that, in general, the military does not understand who the contractors are. To quote one ██████████ employee, "they think we're cowboys." ██████████ believes that much of the tension exists because the enlisted military are envious of the PSCs' freer ability to move around and higher wages. ██████████ as had to supply their own guns, body armor, etc.

TRANSFER OF POWER AND THE CHAIN OF COMMAND

The transfer of power between the CPA and the DOS reallocated everything that fell under the CPA's purview to the CPA. ██████████ believes that the transfer of power was poorly handled. For example, the chain of command between the CPA and MNF during the handover was never delineated and no guidelines were given regarding how the military should respond if PSC required help. ██████████ is seen big changes in the handover from CPA to DOS. They find DOS to be more bureaucratic and less accessible. For example, ██████████ has found that common access cards (CACs) are hard to get now that DOS is in charge. DOS won't issue CACs to companies unless the company has been vetted, but since DOS hasn't defined what being "vetted" requires everything has been at a standstill. Not having a CAC card severely complicates the process for PSC. Without a CAC card, companies are treated like as if they were indigenous, making it more difficult to access weapons. Since the changeover, ██████████ is not seen any improvement.

CLEARANCE PROCESS

██████████ notes a serious lack of cooperation among federal agencies with regard to security clearances. Agencies will not respect security clearances given by different agencies. This poses a number of problems for PSCs as many of their employees have security clearances issued by different agencies, but are unable to utilize their cleared status because agencies refuse to recognize each other's clearances. ██████████ reports that there has been a Presidential Executive Order requiring agencies to cooperate, but agencies have not complied

with this order on the ground. It is very expensive for companies to get their employees private security clearances as clearances costs range from \$20,000 to \$80,000. Redundant clearances for multiple agencies are a drain upon company resources.

also encountered inconsistency in the security clearance required by different agencies. For example, while DSS tactical requires security clearances, the CPA does not. PSD did not require security clearances and, thus, the group working for [redacted] wouldn't gain access to DSS intelligence. In situations such as this, [redacted] that unclassified people would just tap into their informal network and find someone who did have a clearance who could get them the logistical information that he/she needed.

also found that they encountered problems vetting home country nationals (HCN). There is no good apparatus available for performing HCN background checks because the Iraqi Police (IP) has no criminal information or records.

LACK OF FORMAL COMMUNICATION AND CONTACTS WITH MILITARY

indicated that there was no official cooperation or formal communication arrangements with the military, but there was unofficial cooperation. [redacted] report that [redacted] provided some informal communication, but said that his role was not comprehensive enough. [redacted] found that the best way to communicate with the military was to utilize their informal relationships. For example, [redacted] had no formal means of requesting military backup for some of their operations. They would instead talk to their personal liaisons at the company level, most typically the Army captain level and below. Level 03's and below were the best people that [redacted] had to deal with in the military. Level 03 and up were found to be unhelpful.

LACK OF MILITARY BACKUP

[redacted] cited their Najaf experience as an example of the lack of military backup.

(Analyst note: [redacted])
[redacted] requested aid from the US military on April 4, 2003 after they came under attack of Iraqi insurgents. [redacted] went 14 hours without US military response. When [redacted] report, he was not happy to find out that a [redacted] operative had been leading the counterattack. [redacted] issued an after-action report delineating the event. (Analyst note: [redacted])

also indicated that the Marines were present during the March 2004 convoy attack in Fallujah. [redacted] believes that the Marines knew that they were being attacked but they refused to help [redacted] because they were unsure about their responsibility for PSCs.

[redacted] thinks that the military does not know whether they are required to provide protection for PSC. [redacted] believes that there are too many layers of bureaucracy within DoD. It takes too long for requests to be processed through multiple layers of bureaucracy when PSCs need immediate aid. [redacted] thinks that much of the reluctance on the part of the military has to do with "the blame game." The military doesn't want to help PSCs if it is not explicitly stated to be within their AOR because they do not want to carry the

blame of losing one of their soldiers during battle. Different commanders have different attitudes towards PSCs. Some commanders are willing to cooperate and help PSCs out; others think that PSCs should take care of themselves.

(2)
[redacted] also does not know the chain of command to request US military aid. They don't know who to contact and do not have a dedicated "go to person." Additionally, their contract does not indicate whom they should contact in case of an emergency situation. [redacted] does not believe that there is a formal MOA delineated in their contract regarding the responsibility of the military for providing support to PSCs in times of need. Due to the lack of formal protocols for requesting military aid [redacted] s resorted to "working through the back door." For example, if [redacted] eds back up in a certain area or is taking a convoy through a certain section of town and they want some additional back up they will utilize their "informal relationships" by suggesting to their former colleagues and connections in the military that they "might was to conduct a training issue" in a certain part of town where [redacted] anning their mission. [redacted] is found that they have to seek out informal ways of getting backup/help from the US military. [redacted] els that they are basically on their own. They do not have any means of communication with the military; they do not have the frequencies or numbers of persons they should call in the military should they need assistance or even to report an IED attack.

Conversely [redacted] rovides assistance to the military whenever necessary. [redacted] provided us with a letter from Henry Ensher, CPA Governorate Coordinator in Iraq detailing the exception service the [redacted] en provided. (Analyst note: we have a copy of this letter, but are missing the first page of the second letter [redacted])

DIFFERENT RESPONSES TO PSCs FROM ARMY AND MARINES

[redacted] is noted that the Army and Marines have different responses to PSCs. [redacted] s found that the Marines are more proactive and that they foster a counter-insurgency mentality. [redacted] also said that the Marines are better about returning PSC phone calls and offering PSCs aid. [redacted] does not necessarily believe that coordination with the Marines is better than with the Army, but does hold that many of the differences between the two is more of a reflection of local commanders' attitudes.

MOVEMENT COORDINATION

[redacted] unaware of a movement control cell that serves both the military and private security contractors. [redacted] as found that the conventional mindset of the general and staff fails to include PSCs into any movement calculations. Because of this mindset, [redacted] d other PSCs have suffered dislocations. Because they cannot rely on the military to help coordinate their movement with other convoys, [redacted] as an in-house team in the Green Zone that keeps track of [redacted] mployee movement and any other military or private security movement they can discern through their contacts or observation. [redacted] employees call in via cell phone when they are moving [redacted] es not understand why the military is not taking advantage of the prototype technology available for tracking movement in Iraq. For example, Thuria is a commercial tracking system that the military could implement to track convoy movement. At the urging of a number of USG

intelligence at CPA

agency personnel, [redacted] submitted an unsolicited proposal to the DoD for a fusion cell. (Analyst note: we have copies of both submitted proposals.)

Crisis action teams (CATs) handle U.S. Administrator of Iraq, L. Paul Bremer's movements. [redacted] reported that the military was not coordinating these movements. The military provides at best limited support for CAT teams.

CONVOY SECURITY

Convoys are traveling precariously in Iraq. Currently, USG is only running convoy security on trucks. Many non-military convoys are moving unprotected [redacted] as heard the [redacted] is losing approximately \$1M/week in convoys. The DOS just lost \$1.1 million in Suburbans because they didn't have enough security on the OST convoy. [redacted] says that because convoy security is so risky, insurance for gear in Iraq has skyrocketed. For example, [redacted] recently had to insure \$3,000 gear with \$10,000.

[redacted] res that the military has unrealistic expectations about the quantity and quality of security that is appropriate for safe movement. For example, the BPA allotted each task order \$5M each year for convoy security. This contract would cover approximately 14,000 trucks/month with an armed convoy. [redacted] bonded to the RFP with \$7M/mo proposal. After receiving several responses to their RFP that were significantly above the original \$5M, the BPA realized that the original proposal was too small.

INFORMATION AND INTELLIGENCE SHARING

While [redacted] has its own internal incident reporting system, it is neither voluminous nor comprehensive. To date, [redacted] reports that they have had 9 casualties resulting from 1 car accident and 2 ambushes. These casualties were shipped to Dover, DE and any medical treatment given by the Army was free of charge. [redacted] not required to report these incidents to the Army. [redacted] also has an internal intelligence gathering mechanism. [redacted] has not been asked to file reports with local commanders regarding any convoy attacks or intelligence they have gathered.

Currently, there is a lack of intelligence sharing in Iraq. PSCs do not have an official formal source of information from the military. Currently, there is no grand central database of IEDs or mortar attack on convoys. There is no one in the military that [redacted] would go to clear the road with if transporting officials. (Analyst note: c [redacted])

[redacted] reported that there used to be a daily 0900 brief at the CPA, but believes that no one attends it anymore because the information provided was not any more than the PSCs could derive themselves. Part of the reason for the lack of intelligence sharing is that much of the information is classified and not all PSC require that their men have security clearances.

PSCs have resorted to gathering their own intelligence informally [redacted] [redacted] had that the OSCA used to issue daily briefings through a secure website. These reports were inconsistent, however, and therefore unreliable. A company on the US west coast, SOC-SMG also used to pull together intelligence reports on Iraq. Similar to the OSCA reports, the

SOC-SMG reports were not systematic and sent directly to PSCs working in Iraq. Several PSCs pooled their resources in an attempt to hire [REDACTED] to represent the PSCs inside the MOI. PSCs hoped that in this position, [REDACTED] could represent the interests of the PSCs to the MOI and would distribute situation reports to PSCs daily. Several companies, such as [REDACTED] withdrew their support from this unit and the plan never came to fruition.

WEAPONS

Prior to Memorandum 17, the CPA did not require weapons to be licensed. [REDACTED] reported that while the CPA had intended to issue weapons cards, these cards were now "being used as post-it notes." CPA issued weapons cards "never came to be."

Access to weapons in Iraq is limited. Private companies are having a hard time buying weapons and have taken to buying many of their weapons overseas. While DOS purportedly requires export licenses to get guns into Iraq, [REDACTED] reports that they never saw any limits as to what they could bring into Iraq. [REDACTED] did remark, however, that weapons fell into a gray area. If they have the money, companies can buy anything they need in Iraq. [REDACTED] marked that Iraq had a free market for guns. They found Afghanistan to be the same way. Conversely, [REDACTED] did that they could not get the weapons that they wanted with the appropriate range. Under the provisions of their contract, [REDACTED] employees providing security are not allowed to have offensive weapons. Likewise, in accordance with their contract, [REDACTED] helicopters could arm door gunners, etc. with hand-held guns, but they were unable to have mounted weapons.

[REDACTED] also found that the process for requesting permission for body armor was laborious. While working on a DOS contract protection DOS officials, [REDACTED] had to prepare seven duplicate request orders and then would wait approximately 30 days to receive the body armor.

CRIMINAL LIABILITY

Under Memorandum 17, there are repercussions for contractor actions. [REDACTED] thinks that Memorandum 17 is an incident waiting to happen, but notes that nothing has happened yet. Currently, [REDACTED] has little faith that the Iraqi Police (IP) has the capability of enforcing regulations, conducting investigations, or prosecuting criminals. [REDACTED] has not sent any employees home for misdemeanors. [REDACTED]s, however, sent less than ten employees home for performance related issues.

IRAQI POLICE

[REDACTED] finds the Iraqi Police (IP) to be highly ineffective. IP are not yet doing typical law enforcement—such as criminal prosecution or investigations. [REDACTED] reports that before the Fallujah convoy incident, IP did not have a presence in Iraq. [REDACTED] finds the IP to be insufficiently supplied; IP get four rounds per magazine. When working with the IP, [REDACTED] gives them full rounds. [REDACTED] believes that the IP are afraid of the insurgents and not confident in their work. The IP is largely ineffective, [REDACTED] point of view. For example, ten days ago (approximately August 20, 2004) there was an accident in which an Army vehicle collided with a [REDACTED] vehicle in the Green Zone. Two Americans

(1)
were injured. When the Army Military Police (MP) showed up, they refused to write up a report because they said that the accident was under purview of IP. The IP never came. Ultimately, the MP showed ██████ how to write up a report to submit to the DBA. ██████ notes that the Green Zone has "self-service accident investigation." Theoretically, the local Iraqi police are supposed to investigate and HC police department would deal with the POS since there is no apparatus in Iraq to do investigation. The MP does, however, conduct investigations for casualties. ██████ does not know where these records are kept and have never heard about any follow-ups.

PROBLEMS THAT ██████ DETECTS WITHIN THE MILITARY

In our discussion with ██████, several areas of concern regarding the military were raised. In particular, ██████ finds that the US military is overburdened with tactical operations centers, communication centers, etc., and that there are too many electronic leashes. From ██████'s perspective, the US Army is resorting more resources on manning its equipment rather than focusing on managing and training its men. ██████ believes that US Army reservists do not have the proper experiences and training to prepare them for combat in Iraq. ██████ also finds the military to be inexperienced and unequipped to handle the current situation in Iraq.

█████ also concerned that the military is not being proactive. For example, ██████ observed ██████ being repeatedly bombed. The military responded by shooting in retaliation. A PSC working at the base figured out where the shots were coming from and suggested directly mortaring the perpetrators to the Army commander in charge. The commander said that proactive responses were not in their purview. ██████ believes that the Army isn't displaying enough "moral courage" and that Army officials aren't willing to risk lives to save lives. ██████ believes that officers are too afraid of the blame game to act proactively. ██████ provided another example of the military not being proactive:

█████ running out of supplies in Najaf and was trying to put together a operation via air or ground to get more ammunition. ██████'s approval from ██████ a DOS authority. When the regional security officer (RSO) at the site found out about ██████ plans, he was displeased. The RSO perceives ██████ as an offensive rather than defensive action and, thus, not under the purview of a private security contractor. The RSO threatened Iraqi government persecution if anyone died during the operation. In addition to these examples, ██████ questioned why the Biop highway is repeatedly hit in the same places every day. He believes that a more proactive army would seek to prevent the attacks rather than react to their effects.

█████ so finds the military to be too slow. They said that ██████ accomplished more in Afghanistan during the first three weeks than after when the military commander flew in; finds the military to be inefficient. Only after the military commander arrived did things start to get backed up.

CONCERNS REGARDING GOVERNMENT CONTRACTS

█████ very concerned the current government contracting process. ██████ believes that cost-plus contracts incentivize waste because companies make a profit based on how much the government spends. The more money a company charges, the more money

(2) they make. All [redacted] contracts are firm-fixed price. With firm-fixed price contracts, contractors take all of the risk. [redacted] also found that they have had to float the government money without interest for the first 90 days. Because they are bearing much of the risk of working for the government themselves and providing the government with good service, [redacted] feels that the current contracting process is unfair. Under the current system, prior performance doesn't count in procurement. Low cost is the deciding factor. A number of "one-off, inexperienced companies win bids" because they have low overhead and can give the USG a cheaper price. Cheaper prices, however, do not necessarily equate quality service. Because low cost is the winning denomination, [redacted] found that in order to win a contract they must give the USG what they want rather than what the job truly requires. [redacted] believes that the contracting process is faulty because there are no fines or follow-up for contracts to assess whether or not the contractors are competent and compliant.

[redacted] thinks that [redacted] contract is an example of waste and the ill-constructed award process. The [redacted] contract is supposed to formalize the informal communications that have been occurring between PSCs and the military by [redacted] intelligence. According to [redacted] PSCs in Iraq and CENTCOM's AOR are to be included in this project. [redacted] wary of [redacted] ability to successfully fulfill this contract. [redacted] believes that [redacted] has overextended itself as [redacted] currently doing 78 personal protection details. In addition, the [redacted] contract is using a number HCNs and [redacted] does not believe that HCNs should be ensured with secure information.

PSC EMPLOYEE RECRUITING, TRAINING, AND COMPENSATION

[redacted] reported that recruiting is getting tougher. They have found that they have been getting more resumes, but they also have a higher demand and have fewer resumes that meet DOS standards. The clearance process also creates a bottleneck in the hiring process, making it more difficult to meet staffing needs. While [redacted] initially hired only [redacted] they are now having to cull from the next "level" of employees, including: infantry soldiers, Marine Corps, Special Weapons with Tactics, Police Force. Employees from this lower tier get eight weeks of training to prepare them for the Iraqi environment. Former special operations receive two weeks of training, double the amount of training as last year.

[redacted] training involves shooting, driving, physical fitness, teamwork, and critical thinking skills. [redacted] found that the laws of economics are pulling the pay scale down. More people are willing to work and, thus, salaries have decreased. [redacted] has also found, however, that some companies were initially paying higher salaries to build up their employee pool, but now that they have sufficient employees they are paying less. Pay scales have also decreased because DOS is pushing wages down. As the single largest private security client in Iraq, DOS has a large amount of influence on contracted employee wages. DOS also influences the type of employees that PSC can hire; DOS security requires that some positions have to be TCN or HCN. While a number of private security employees will migrate to companies that pay higher wages, [redacted] found that many of its employees are more concerned that their co-workers are skilled, quality people.

CONTRACTORS QUITTING ON THE BATTLEFIELD

There has been significant concern that PSCs providing mission critical services will quit in the battlefields during times of need. When asked whether they had ever had a problem with personnel quitting on the battlefield, [REDACTED] reported that they had never known any of their men or any other contractors, for that matter, who had ever been driven off the battlefield. [REDACTED] employees feel that they are in Iraq to do a mission and to support their troops [REDACTED] reiterated [REDACTED] dedication to service by stating, [REDACTED] believes so strongly in what we are doing that we are willing to take the risk upon ourselves. For example [REDACTED] is self-insured all of its own helicopters and is even funding some of its own contracts by floating the government money. Repeatedly, those we interviewed stated that they weren't in it for the money; they were doing something that they believed in and as part of their love of the United States and the democratic society for which it stands.

[REDACTED] knows of two companies—[REDACTED]—that have pulled out of Iraq [REDACTED] pulled out because of frustration with the military. Most of the original 14 PSCs are still working in Iraq.

WHY EXTENSIVE USE OF PSC?

[REDACTED] has heard frankly said that the Army does not have the necessary force to fight the current battle in Iraq. Part of the reason for this lack of resources was the DOD and DOS's lack of appropriate planning and budgeting. DOS has no previous model of how to handle a huge diplomatic staff in an unstable war zone. Instead, DOS is more accustomed to using the law enforcement type of protection found in more benign environments rather than the more extensive protection found in military environments. [REDACTED] as also heard that DOS is frustrated with their counterparts in DC; they have a hard time explaining to the people in DC why they need certain things (for example why they need 12 rounds instead of 6). [REDACTED] feels that they have become the muscle for the military.

WISH LIST

- [REDACTED] believes that the situation in Iraq could be improved in several ways.
- o [REDACTED] thinks that the MNF have become top heavy resulting in slower response times. [REDACTED] believes that a more streamlined chain of command would improve response time.
 - o [REDACTED] would also like a QRF and a way to communicate with them.
 - o Currently, communication is very unreliable in Iraq. Outside Baghdad, the best form of communication is email, followed by satellite phones. Regular telephone services are intermittent. Improved communication lines would help ameliorate some of the coordination and communication problems that PSCs face in Iraq.
 - o Currently, the best form of intelligence is word of mouth and from company to company [REDACTED] would like to see a formal intelligence communication center for both PSCs and the military. [REDACTED] believes that Civil Military Operations Center (CMOC) is the ideal apparatus for PSC communications and could easily operate a fusion cell.
 - o Lastly, [REDACTED] like some means of formal communication with the military.

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MISCILLANEOUS ISSUES

- *Travel into Iraq:* Currently, American airlines are not allowed to fly into Iraq. Many Americans and contractors are flying Jordanian air into Baghdad International Airport. [REDACTED] currently has three helicopters in Iraq.
- *Canine Training:* From their experience in canine training, [REDACTED] come to learn that patrol dogs are synonymous with attack dogs.
- *Security at the Embassy:* Embassy security is three-tiered. The Marines protect the innermost threshold of the embassy. [REDACTED] res the mid-level and locals provide security for the outermost area.

Record of Interview

Title	[REDACTED] Interview and Site Visit
Purpose	To gain on-the-ground insight from PSCs
Contact Method	Face-to-face
Contact Place	[REDACTED]
Contact Date	August 31, 2004
Participants	Kate Hudson, DCM, Analyst Carole Coffey, DCM, AIC Steve Sternlieb, DCM, AD [REDACTED] [REDACTED] [REDACTED]

Comments/Remarks:

In our second day of interviews with [REDACTED] we spoke with [REDACTED] Iraq. [REDACTED] left Iraq in [REDACTED] is now working as a [REDACTED]

SECURITY CLEARANCES

[REDACTED] believes that the security clearance process is illogical and does not work in practice. Currently in Iraq, there is a lot of information that would be valuable to private security contractors that is being held behind closed doors. [REDACTED] stated that by closing legitimate paths to information, many private security contractors had to resort to getting information "through the back door." Oftentimes, if private security companies (PSCs) need cleared information to which they do not have access, they will ask one of their informal military or cleared PSC contacts. To circumvent some of the problems associated with the security clearance process, [REDACTED] has started requiring more clearances than their contracts require so that they could have access to information.

INTERNAL INTELLIGENCE AND REPORTING

Currently, there is no one clearinghouse of information in Iraq that PSCs can turn to for intelligence. [REDACTED] garners its intelligence reports from a variety of sources, including: DOD, CJTF7, DOJ, CPA, British troops, etc. [REDACTED] and that "no one entity had everything." In addition to gathering intelligence, [REDACTED] also tracks attack trends. From these reports, [REDACTED] can tell which areas are suffering more attacks and plan their travel routes appropriately.

COMMUNICATION AND INTELLIGENCE SHARING

Communication and coordination is both logistical and systemic problem. Logistically, communication is difficult due to intermittent and unreliable coverage. Frequently, improvised explosive devices (IED) disrupt connections. [REDACTED] has found that people use a combination of radio, cell, and satellite phones because no one mode of communication can ensure complete coverage. From his experience, unclassified cell phones provide the most reliable form of communication. Cell phones, however, have a short range of about 30 km and

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conversations on open lines must be encoded. Encrypted UHF and VHF handheld radios are another popular mode of communication. While having a wide variety of communication channels is helpful internally, [redacted] has found that it is sometimes more difficult to get in touch with the military's quick reaction force (QRF).

Communication is further complicated because the military does not systematically communicate from unit to unit. [redacted] states, "there is a lot of stove-piping occurring." [redacted] would like to see communication spread to everyone theatre-wide. He believes that there needs to be a consolidated communication center to coordinate PSC and military movement. [redacted] has run into numerous problems with the military because they cannot communicate their movements. [redacted] employees are often not in uniforms and dress like indigenous people, driving native cars, and using domestic weapons. [redacted] resorted to these tactics because they found that wearing uniforms and driving military vehicles made them targets for insurgent attacks. Thus, without a proper outlet of communication, the military has no way of knowing whether or not [redacted] employees are friend or foe. Mistaken identities can lead to regretful accidents. In addition, because of their lack of communication, [redacted] employees cannot request military QRF aid in urgent situations.

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Because no formal means of communication with the military exists, [redacted] has also been "forced to go underground and use informal military contacts." For example, [redacted] has developed liaisons at most units at Camp Victory where the DOD theatre commander is located. [redacted] could only gain access unofficially to information on military or PSC locations, movements, contact information and communication frequencies. [redacted] also informs their informal contacts within the military of their movements as a precaution. For example, by the request of PSCs, the Air Force has been known to send training groups to areas in where PSCs are traveling and think that they might need backup force. [redacted] had made contact with the military officially, they would have had to mire through the bureaucratic chain of command, which oftentimes takes too long and does not ensure aid in times of need.

[redacted] mentioned that there had been one person in the military who had attempted to create a formal communication and intelligence-sharing hub. [redacted] a Marine. [redacted] coordinated the reconstruction effort in Baghdad and the Green Zone; he set up the design for the Green Zone. [redacted] id that [redacted] had vision and insight and was "trying to do things the right way." [redacted] r held weekly meetings in coordination with the CPA to inform PSCs of any intelligence that had been gathered. [redacted] y stopped attending the meetings after three months, however, because he found the meetings to be ineffective and uninformative. [redacted] y felt that the meetings did not provide him with any information that he could not already glean from his sources. [redacted] ntinued to give [redacted] their information even after they stopped attending meetings.

QUICK REACTION FORCE (QRF)

Originally, CJTF7 had the tasking authority to provide a QRF for anyone in Iraq that needed help. [redacted] is not yet seen this come to fruition and in its absence has created internal quick reaction forces (QRF) for teams with 30+ people. [redacted] as learned that it needs to "solve our own problems." These QRFs tie up two men from each team. [redacted] oted, however, that nearly 75% of [redacted] teams do not have QRFs.

At the urging of a number of government agencies [redacted] submitted an unsolicited proposal to DOD for a QRF. This proposal was denied. (Analyst note: we have a copy of the submitted proposal.)

INTERACTION WITH THE MILITARY

[redacted] hasn't seen any formal policies, procedures, or guidance about PSC interaction with the military. [redacted] believes that the military mindset is focused on their mission for the USG and dismissive of PSCs. [redacted] is learned not to rely upon DOD support. [redacted] has also found that there is contention between the military towards PSCs. Enlisted military are not willing to risk their life for "these private security guys who are making nearly 5x their salary" for practically the same type of work. [redacted] also believes that the Army resents PSCs because they impinge upon the military's authority. Additionally, military officers are afraid of losing their rank and fear that may make them "look bad."

[redacted] says that there is a huge separation between civilian contractors and the military, even though "we are supposed to be a unified team." The military cannot account for or identify contractors, resulting in a lot of "blue-on-blue" fighting. [redacted] says that technology, such as the Beacon system, easily could be used to identify where people are. While this is an expensive technology, it could be used to identify people "on the same team" and prevent unnecessary fighting.

MOVEMENT

When [redacted] first came to Iraq, they moved with the military. Over time, however, [redacted] found that the military's movement was too conspicuous. The military uses the same format for convoy movement every time and is constantly getting "hammered." [redacted] tried dropping back from the military, but this too drew fire as insurgents became savvy to their new tactics. [redacted] says that the military is not taking defensive measures in determining its movement; military movement involves no intelligence gathering. Eventually [redacted] found that they had to start varying their movement formats and start thinking like Iraqis in order to avoid getting attacked. They started driving indigenous cars, wearing native clothing and copying the driving patterns of domestic people. [redacted] also started to clean their cars more frequently because they realized that Iraqis were very proud people and liked to have clean vehicles. [redacted] found the insurgents to be very smart and adaptive.

LOCAL RELATIONS

[redacted] as found the majority of the military to be unaware of the local population's customs and traditions. [redacted] believes that contractors have a better feel for the local people. He believes that in order to win this war we have to win both the locals' hearts and minds. For example, [redacted] keeps water and candy in every vehicle to build relationships and good will with the locals. [redacted] nks that 85% of the people in the Green Zone have never left the walls surrounding them and have no idea what it is actually like to live in Iraq. HA!!

CHANGING SCOPE OF WORK

[redacted] found that the scope of the work his team was responsible for changed drastically while he was in Iraq. Originally [redacted] as providing PSD for their client during vehicle

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movement from one site to another. Three months later, [redacted] work had expanded to provide planning, training, first aid, risk assessment and strategy design in addition to vehicle PSD protection. Their responsibilities stretched way above their original mission. [redacted] calls this the "mission creep." [redacted] said that [redacted] tracks results and statistics to demonstrate to their clients the necessity and success of "mission creep." [redacted] keeps logs and dates in a database of information to show their clients the "before and after" effects of [redacted] work. While such tracking costs [redacted] money and subtracts from their bottom line, it helps them to better understand their client's situation and which tactics are most successful.

[redacted]
[redacted] has heard government employees in Iraq say that they do not feel comfortable with [redacted] support.

WISHLIST REQUESTS

- o [redacted] would like to see one single clearinghouse of information.
 - o [redacted] suggests that the military have some sort of tracking or beacon system on individuals in high-risk areas.
 - o [redacted] would like there to be a universal sign to signal to the military that they were not enemies. Because of their indigenous garb [redacted] employees have been drawn down upon a number of times.
 - o [redacted] would like a dedicated military QRF force to respond to PSCs requests.
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Record of Interview

Title	Interview with Contractor
Purpose	To gain on-the-ground insight to the Contractor perspective
Contact Method	Face-to-face
Contact Place	[REDACTED]
Contact Date	October 9, 2004
Participants	[REDACTED] [REDACTED] Carole Coffey, Analyst in Charge, GAO Glenn Furbish, Senior Analyst, GAO Kate Walker, Analyst, GAO

Comments/Remarks:

We met with [REDACTED] and [REDACTED] to discuss their experiences in interacting with the military. [REDACTED] currently is currently working on tasks order [REDACTED] and task order [REDACTED] of all task orders which provides [REDACTED] in Iraq.

CONVOY SUPPORT

The military has complete control of [REDACTED] convoy movements. The military decides the number of escorts necessary given the threat level. In addition to military support, the Kuwaiti Military Police also escort the convoy. The current standard protocols for convoys in Kuwait are: [REDACTED]

The Army takes a "hands-off" approach to convoys traveling in Iraq.

When asked if he ever felt that the level of support that the Army had given him was insufficient, [REDACTED] replied that he was a civilian and he really does not know what adequate protection warrants. [REDACTED] did indicate, however, that the level of protection the military provides had been increased since an incident on 8 and 9 April 2004. During this incident, a [REDACTED] convoy was attacked for two days. [REDACTED] requested aid from the military, but received none. 41 assets were lost. After this incident, [REDACTED] management team contacted the military. The military had no idea that the convoys were attacked even though they were accompanied by military vehicles. [REDACTED] was aware of the situation because they have intra-convoy communication with a convoy movement control center. [REDACTED] later learned that the military escort that was supposed to be accompanying the convoy did not request aid or release information on the convoy's situation. After learning about the attack, the military increased security force protection and reduced the convoy size from [REDACTED]. In addition, the military added [REDACTED] support, which convoys did not have before. The military also gave [REDACTED] convoy tracking system called Joint Distribution Logistic Management (JDLM) to help monitor their convoys [REDACTED] so uses QualCom to communicate with its convoys.

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[REDACTED] also finds that military support is often unfamiliar with the territory. After the April incident, the military also told [REDACTED] that they were going to get [REDACTED]

[REDACTED] feels that the [REDACTED] support provided by the military are inexperienced. Most of the [REDACTED] on the convoy were previously cooks, etc. and had not shot a gun since base camp training [REDACTED] believes that the military is conserving their assets for more risky endeavors.

TRANSFER POINTS

[REDACTED] reported that [REDACTED] had noted that transfers between Army and Marine area of responsibility (AOR) are not seamless. Most recently, a convoy traveling to Anaconda that was being escorted by the Army had one of their trucks shot up by a Marine as the convoy entered the Marines AOR. [REDACTED] s heard some complaints regarding the support given by the Marines. He believes that the Marines feel that since [REDACTED] is an Army contract that they should not be held responsible for their protection. [REDACTED] finds that "the Marines are a very independent group that likes to do things themselves." He says there are a lot of "flexing over who's in charge" between the Army and the Marines.

MILITARY AID

[REDACTED] indicated that [REDACTED] has a military contact person for times of need. Depending on the type of situation, [REDACTED] will call upon the aid of either the army or the Kuwaiti Ministry of Interior (KMOI). Typically [REDACTED] will request help from KMOI in minor situations and rely upon military aid for larger problems.

INTERNAL REPORTING AND COMMUNICATIONS

Internally, [REDACTED] tracks damages to its trucks incurred via rocks, IEDs, etc. [REDACTED] believes that [REDACTED] has good internal communication, but external communication with the military is not strong. [REDACTED] latest fatality occurred south of Baghdad, when a [REDACTED] ommander was killed by an IED. According to [REDACTED] he military had known about the IED, but had not told anyone about it because they had heard that the IED was not live.

RULES OF ENGAGEMENT

Under the agreed upon rules of engagement [REDACTED] employees and subcontractors are not allowed to attack insurgents unless they are returning fire. [REDACTED] employees are not allowed to take proactive attacks.

CURRENT SECURITY SITUATION IN IRAQ

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Since the April convoy attack, [REDACTED] reports that they have seen more security from the military. [REDACTED] s, however, that they are still operating in a war zone and vulnerable to the insurgents.

GAO Interview

Written By: Kate Walker

Date Created: November 15, 2004

Job Code: 350544

Title: Interview with CENTCOM

Purpose: To discuss CENTCOM policies addressing PSCs in CENTCOM's AOR

Date: November 9, 2004

Type: Face-to-face

Location: CENTCOM, MacDill Air Base, Tampa, Florida

Participants:

(A) [REDACTED]
[REDACTED]
(A) [REDACTED]
[REDACTED]

Steve Sternlieb, Assistant Director, GAO/DCM, (202) 512-2501,
sternliebs@gao.gov

Carole Coffey, Analyst-in-Charge, GAO/DCM, (202) 512-5876,
coffeyc@gao.gov

Kate Walker, Analyst, GAO, (202) 512-6193, walkerk@gao.gov

(A) We met with [REDACTED] discuss policies and memorandums addressing private security contractors (PSCs) in CENTCOM's AOR.

WARNING ORDER ON CONTRACTOR SECURITY

In June 2004, there was significant concern that a US contractor aiding the military in Iraq might withdraw its services due to security situation in Iraq. In response, the Joint Chiefs of Staff (JCS) sent out a request for information from CENTCOM. CENTCOM then issued a warning order (WARNORD) to Multinational Force-Iraq (MNFI). This WARNORD requested that the MNFI commanders provide an estimated list of contractors in Iraq, the potential risk to the reconstruction should contractors withdraw their services, and courses of actions to improve contractor security in Iraq. In July, MNFI responded with a short document detailing their action plans for addressing the contractor concern. The JCS found this document to be insufficient and requested more information. CENTCOM then issued another WARNORD in August with a September due date. MNFI responded with a draft 46-page document on 20 September 2004.

CENTCOM currently has Version 10 of the document. The MNFI response has not been finalized and is still sitting on the Commanding General's desk. CENTCOM has currently halted work on the WARNORD and review of the MNFI document **because because it is linked to the release of the Interagency Memorandum.** The current MNFI response indicated that more information is needed about contractors in Iraq.

INTERAGENCY MEMORANDUM

(A) In addition to the WARNORD, the Department of Defense (DOD) and the Department of State (DOS) is writing the Interagency Memorandum. The Interagency Memorandum directs organization-wide coordination and eliminates the need for the information collected in the WARNORD. The Memorandum is "not a new idea" and breaks down the stovepipes that many feel have been thwarting contractor coordination. The Memorandum was created in response to contractor concern about security and the need for a consistent set of rules for PSCs. The Memorandum also lays out the anticipated responsibilities of the military to contractors and other USG agencies. We asked [REDACTED] [REDACTED] if there was a comprehensive list of guiding documents for contractors in accordance with 1.4 from the Interagency Memorandum. [REDACTED] does not believe that a comprehensive list exists. He stated that a number of different documents currently address the military's responsibility to contractors in Iraq, but a document that provides a comprehensive overview of the military's relationship to PSCs does not exist. [REDACTED] suggests that we speak with Staff Judge Advocate (SJA) for a robust list of such documents.

The Interagency Memorandum has been held in suspense for a number of reasons. Currently, the priorities of the US military, the embassy, and the Interim Iraqi Government (IIG) are not aligned. Contractors including PSCs are not the main priority in Iraq right now. There is also some debate over whether the Iraqi Military Force (IMF) can participate in the memorandum.

[REDACTED] believes that the Interagency Memorandum's vision for a common operating picture would be in the best interest of the contractors; it would decrease costs and overhead and would increase security. The success of the Interagency Memorandum and the creation of a common operating picture are dependent upon the success of the Project and Contracting Office Operations Center (PCOC). The PCOC is vital for communication and coordination of contractors in Iraq; it is the only communication and coordination source for contractors in Iraq. [REDACTED] has been working with a Joint staff counterpart, [REDACTED] in the Interagency Memorandum.

CURRENT CONTRACTOR SITUATION IN IRAQ

(A) Insurgency has continued to grow in Iraq since the spring of 2004. [REDACTED] noted that the number of contractors in Iraq has increased greatly since the government transition and the number of contracts in Iraq is still growing. Currently, CENTCOM does not know the number of contractors in Iraq; contractors are constantly in flux. CENTCOM does not have visibility to the subcontractor level. [REDACTED] is unaware of anything below DOD regulations that instructs contractors about protocols for conduct, movement, and coordination with the military. [REDACTED] believes that the main governing document for contractors in Iraq is the contract itself. [REDACTED] asserted that the need for the DOD Directive (DODD), DOD Instruction (DODI) and the Interagency Memorandum are all examples of the lack of guidance provided to contractors in Iraq. These documents were created because contractors need more direction than that provided in their contracts.

LEGAL ISSUES

(P) [REDACTED] believes that the only way to legally require contractors to register would be to include it in their contracts and require contracting agencies to report this information. All current contracts for work in CENTCOM's AOR would have to be rewritten to reflect this new policy. [REDACTED] suggested that we speak with the SJA to learn more about the legal issues facing contractors in Iraq.

MILITARY RESPONSIBILITIES

[REDACTED] believes that the only policy that outlines the military's responsibility for contractors and US agencies in Iraq is the National Security Council (NSC) Operation Plan (OPLAN). Annex K of the OPLAN outlines CENTCOM's and DOS's security responsibilities. The NSC OPLAN is a handshake security agreement between the DOS and the DOD that provides security guidelines inside and outside the Green Zone. The OPLAN delineates the pecking order for receiving aid.

Under CENTCOM's current commander's mission for Iraq, it is a military mission to provide a secure and stable environment. This outlined mission in Iraq does not, however, indicate that the military is to provide security for contractors and civil government agencies. [REDACTED] said that as available the military does support contractors, but the spectrum of contractor support is wide. For example, at one end of the spectrum, there are those contractors that are working for USAID and the Army Corps of Engineers that do not have a direct connection to the US military and currently provide their own security. At the other end of the spectrum, there are those contractors providing logistics support for the military at base sites and are provided with security by the military. Somewhere in between these two extremes are the contractors inside Iraq that are supporting USG agencies who have little contact with the military and are not receiving security from the military. [REDACTED] believes that the Interagency Memorandum seeks to formalize some of these relationships and provide a safety net for those contractors that are not directly working with the military.

CONTRACTOR DATABASE

Currently, there is no one organization that is maintaining a database of contractors working in Iraq. [REDACTED] indicates that there has been some conflict over resources and who would manage the database.

MOVEMENT CONTROL

Movement control is currently part of the PCOC fusion cell. According to [REDACTED], this fusion cell is up and running. If contractors are capable of radio communication, they can call the PCOC and radio in their movement schedule. The Interagency Memorandum would further define the responsibility of the PCOC fusion cell.

QUICK REACTION FORCE

(P) If contractors should need assistance, the military will send a quick reaction force (QRF) from whichever military unit can respond first. The military will send QRF aid if it has the assets available. It is the commander's responsibility to decide whether he/she has

enough personnel to respond. Operating procedures hold that contractors under attack should first contact the PCOC. The PCOC would then relay contractor needs through NMOC and the highlighted responsibility would be to the nearest military installment and could include IMF, MNFI, other PSC, or US military aid.

INFORMATION SHARING

(A) [REDACTED] indicated that the PCOC has been responsible for information sharing with contractors since the turnover in July. It is the prime contractor's responsibility for ensuring that sub-contractors remain informed.

COMMAND AND CONTROL

[REDACTED] does not believe that the military has direct legal authority over PSCs. For example, while the military can suggest that contractors not enter Fallujah, contractors are still legally allowed to enter the area at their own risk. [REDACTED] believes that the only definite line of authority is that of the contractor over the subcontractor. The contracting officer is the closest link to the military for contractors.

SUGGESTIONS FOR IMPROVEMENT

- [REDACTED] believes that communication between the military and private security contractors can be improved by standardizing communication methods and knowledge of communication links. It is vital that contractors have common radios and linkage with the PCOC. [REDACTED] holds that while much of the foundation for communication is in place, communication does not exist to the level necessary.
- Standardization of contract language would help to alleviate some of the confusion over military responsibility and chain of command issues. [REDACTED] believes that the Interagency Memorandum will address some of these issues.

(F)

Record of Interview

(A) Title	Interview with [REDACTED]
(P) Purpose	To learn about PCO PSC coordination and the [REDACTED] Contract
Contact Method	Conference Call
Contact Place	GAO HQ and Baghdad, Iraq
Contact Date	December 2, 2004
(A) Participants	[REDACTED] Bill Solis, Director, DCM, GAO Steve Sternlieb, Assistant Director, DCM, GAO Carole Coffey, Analyst-in-Charge, DCM, GAO Kate Walker, Analyst, DCM, GAO Tim DiNapoli, Assistant Director, ASM, GAO Gary Delaney, Analyst-in-Charge, ASM, GAO

Comments/Remarks:

(A) [REDACTED] is the [REDACTED] or the Iraq Project and Contracting Office (PCO), formerly know as the Coalition Provisional Authority. The PCO is responsible for all activities associated with the program, project, asset, construction and financial management of the reconstruction effort in Iraq.

(P) [REDACTED] security contractor for the PCO. [REDACTED] provides private security detail (PSD) for the PCO director and key members of the PCO staff. [REDACTED] currently has 23 vehicle escort teams and static guards in one location. Within the PCO are seven operational centers (a National Center known as the Reconstruction Operations Center (ROC) and 6 regional ROCs) that provide situational awareness, information and intelligence, and serve as an interface between the military and the contractors including PSCs in Iraq. The national operational center is located in Baghdad at the PCO headquarters and the regional centers are located in Mosul, Tikrit, Ramadi, Baghdad-Camp Victory, Hillah, and Basra. [REDACTED] operates these centers under the same contract used to provide security to the PCO. Currently [REDACTED] is about 90% staffed. [REDACTED] sent us a brief giving the overview and readiness status of the [REDACTED] cell.) (P)

Genesis of the PCO and Contractor Participation

(A) The PCO was created in anticipation that the State Department/Department of Defense (DOS/DOD) Interagency Memorandum would be signed. The DOS/DOD Interagency Memorandum called for the creation of an entity to oversee movement and intelligence sharing in Iraq – the PCO. Currently, contractors participate with the PCO on a voluntary basis. [REDACTED] reports that the PCO is seeing increased participation every day. If the Interagency Memorandum is signed, it will require contractors to register with the PCO. [REDACTED] said that in some cases, contracts would have to be revised. [REDACTED] does not know if all new contracts include provisions for registration with the PCO. Contractors were informed about the PCO through a series of meeting with each of the prime contractors' security managers. When asked about the concerns conveyed by several contractors we interviewed, [REDACTED] conjectured that the contractors we spoke with might have viewed [REDACTED] as a competitor. [REDACTED] reported that the CPA-IG had conducted an analysis of the [REDACTED] contract award.

Intelligence Sharing

The G-2 at the PCO gets information from the MNFI G-2. This information is then sent to the ROC where, once it is cleared, is sent to PSCs for their use. Contractors can get information about movement security, etc. from the PCO via the ROC.

Communication

There are currently three methods for real time communication among PSCs and PCO.

1. Land-lines
2. HF Radios—direct link communications with regional operation centers
3. Internet, Centrix, SIPRnet

(f) To request aid or communication with the ROC or the regional operations centers, PSCs must radio their own headquarters' dispatch center and that dispatch center would then contact the ROC. The ROC will then contact the regional operations centers if necessary. PSCs can contact the regional operation centers directly, but ██████ believes this to be a complicated process. He also doesn't believe that the current method of contact causes too much delay. The PCO also has transponder units that plug into security vehicles. These units provide the location of the vehicle every four minutes and also have a panic button in the boxes that can alert regional operation centers if there is an emergency. ██████ said, however, that there were only a certain number of boxes that contractors could check out. Future PCO contracts will require that all prime PCO contractors purchase these transponder units. Transponders can be acquired on the commercial marketplace. This is not a problem; however, because typically only transmittal equipment is available in the market and translating equipment is proprietary to specific companies.

In an emergency, vehicles or convoys without these transponder units can contact the PCO via cellular phone, but ██████ indicated that cellular phones were often unreliable in Iraq. In addition to contacts at the PCO, contractors are also given contact numbers for the embassy and local military operation centers.

██████ informed us that there is also a password protected website that ██████ maintains that is also used to disseminate information. ██████ is unaware of any communication between the PCO and OSAC. (f)

██████ encourages informal relationships between contractors, PSCs, and the military, but thinks that the PCO should be monitoring these relationships ideally.

Movement Coordination

A recent policy has been developed for handoffs between division boundaries, but ██████ is unable to verify that the policy has been implemented. ██████ describes the policy concept as one of a series of checkpoints through which convoys must pass. The checkpoints occur before the boundary changes. Contractors are supposed to get their march credits approved by the military before they begin their movement. March credits are then to be passed on to relevant division commanders.

QRF

(P) Should a PSC need help, the ROC is responsible for arranging quick reaction force (QRF) aid. After a PSC contacts the ROC and indicates that they need help, the PCO would in turn contact the regional operation centers. The regional reconstruction operation centers (RROCs) are co-located with the major subordinate commands' operations centers, so the moment the ROC contacts the RROC, the G-3 can be contacted. QRFs are provided by the military on a not to interfere basis. [REDACTED] reported that the QRF usually works, but there have been some instances where QRF has been delayed. After action reports are written about these incidents only when something goes wrong and there is a lesson-learned type scenario.

Database of Contractor Personnel

If the Interagency Memorandum is signed, the PCO will be responsible for collecting information on contractors. The PCO is not sure how to collect this data. The PCO thinks that the Army's Logistics Support Element (part of the Army Material Command) would best be able to collect information on DOD contractors.

Weapons

The types of weapons contractors may use are listed in CPA Order 3. Version seven of the Interagency Memorandum would make the PCO responsible for maintaining a list of those Contractors who have been approved to issue weapons and ammunition under Section III of the interagency guidance. [REDACTED] knows of several PSCs that have attempted to register with the Iraqi Ministry of Interior (MOI) and Ministry of Trade (MOT), but have found that the MOI and MOT do not have the capability to register them.

Interagency Memorandum

[REDACTED] would like to see the Interagency Memorandum signed. While the Memorandum isn't perfect, he thinks the memorandum can be modified as necessary. The [REDACTED] is concerned that the "Interagency Memorandum" has been reduced to "Interagency Guidance" because he believes that guidance does not carry the same weight as a memorandum. The [REDACTED] believes that if State and DOD can not come to an agreement on the guidance, DOD should issue the guidance on its own. The [REDACTED] said that once the guidance is issued, MNFI will issue an order to the major subordinate commands in Iraq to provide the military assistance laid out in the agreement.

Current Status in Iraq

According to [REDACTED], regional operation centers are not fully integrated and are not fully functional. He believes they will be in the near future.

Commanders are not fully informed about PSCs. [REDACTED] is trying to educate commanders to get them to see PSCs as "blue forces." In doing so, [REDACTED] hopes to convince commanders that PSC need to be given the same military support as other military units in Iraq. [REDACTED] says that he has personally briefed each division commander of PSCs and their issues.

Chain of Command

(A) While the PCO is under the COM command, it is operating under CENTCOM Order #1. The SJA at CENTCOM, however, told [REDACTED] that CENTCOM Order #1 is not applicable because the PCO falls under COM command. [REDACTED] would like the PCO to fall under MNFI for security matters.

(A) **Recommendations**

██████████ only recommendation would be to get the Interagency Memorandum signed. He believes that even if the memorandum were less than perfect, it still would give authorities something to modify and improve. He thinks that there needs to be some overarching guidance on private security contractors.

(f) ██████████ provided us with the following documents:

- o A ROC Overview
- o A Brief describing the PSC Association
- o The latest draft of the Interagency Policy Guidance
- o Contact Information for Lawrence Peters
- o ROC Daily Briefing
- o A Security Operations Briefing

Record of Interview

(AF)
(F)

Title	[REDACTED] Interaction with Private Security Contractors (PSC) in Iraq
Purpose	To discuss [REDACTED] Division Interaction with Private Security Contractors in Iraq
Contact Method	Interview
Contact Place	[REDACTED]
Contact Date	December 9, 2004
Participants	[REDACTED] Steve Sternlieb, Assistant Director, GAO

Comments/Remarks:

[REDACTED] provided the following information.

[REDACTED]
[REDACTED] She said that there were few offenses involving PSCs and contractors overall. She could recall no incident reaching her involving PSCs in Iraq that would rise to the serious level (murder, aggravated assault, rape). There were smaller incidents involving allegations of theft by PSC employees and allegations involving weapons permits involving either a PSC employee or an interpreter (she could not recall which). The result in those instances was that the employee was dismissed. She did say that the more contractors there are, the more there are claims.

(AF)
(F)

There were several incidents between ^{1st armored div.} 1 AD personnel and PSCs when PSCs escorted dignitaries on 1 AD bases. PSCs acted as though they had the right to do whatever they wanted and thought they were exempt from 1 AD rules. Sometimes there were confrontations between 1 AD soldiers and PSCs that came to fist fights and drawing weapons. The issue for the SJA was whether soldiers used excessive force. [REDACTED] did not think the problem was fully resolved as of April 2004 when the division moved to a new location and was not as close to the Coalition Provisional Authority and so had fewer such issues. The problem did not go away, but it get better. (Auditor's note: [REDACTED])

(AF)
(F)

AD elevated confrontations, which was easier for I AD than other divisions since they were collocated with MNF-I HQ. If PSC's went over the line they had no means to punish the person (they could punish the soldier if he/she was at fault); would send a complaint or result of investigation to higher HQ. If an incident involved killing an Iraqi the matter would be outside I AD's jurisdiction but I AD would probably investigate it.

Contractor legal issues/visibility

(AF)
(F)

She did deal with other types of legal issues. The chain of command on legal issues was from [REDACTED] Arming contractors' was one of the biggest issues the SJA worked. At some point CENTCOM's position

(8) was that arming contractors was a violation of the rule of war as was having contractors provide security, including for convoys. There was, however, a distinction between contractors accompanying the force and other contractors. For example, although soldiers were stationed at the Baghdad International Airport (BIAP) because it was owned by the Iraqi Ministry of Transportation security contractors could guard the outside perimeter of the airport. CPA order 3 and CPA memo 17 had to be enforced by military JAGs. CENTCOM guidance said that contractors could not be given weapons. She also said [REDACTED] that as of July 2004 CENTCOM had to approve arming contractors. However, arming PSCs was outside the SJA world because it did not involve the military. Auditor's note: [REDACTED]

(8) [REDACTED] had a hard time enforcing any contracts that were not let by 1 AD. It was hard to get a copy of contracts let by others and usually 1 AD could not get the contracts. Therefore local commanders did not know what the rules and entitlements were for those contractors although the division could go back to the source for a interpretation of what was required under the contract. One of the SJA legal lessons learned was that all contracts are difficult at the division level and that lesson was forwarded to the JAG corps. There is a need to take someone trained in contract law and with experience on deployment. There is also a need for boilerplate language for all contracts supporting deployed forces and for language to be provided to the divisions for contracts they write.

(8) It was also hard to know who contractors were in theater in part due to the mix of military and civilian contractors. People would come in and out of the battlespace. There was no central processing system for contractors. For example, sometimes people would arrive in Kuwait or Jordan, rent a car, and drive into Iraq. [REDACTED] believed that there was supposed to be a central processing system for contractors in Kuwait.

(8) It was unclear as to what laws covered contractors. There was no martial law in Iraq before the transition. [REDACTED] had numerous conversations on the applicability of the law of occupation, which she did not believe was developed for the modern battlefield. The law of occupation mostly deals with obligations to the civilian population, not contractors. In many ways they were in unchartered territory in Iraq. Existing laws went back to the 1940s and 1950s. There was even some debate about whether the laws applied.

Contractors did not provide convoy security for contractors accompanying the force. The distinction was if the contractors were accompanying the force.

Lack of Higher HQ Guidance

(8) [REDACTED] is not involved in writing an order or info paper on how the division was to interact with PSCs in its sector. She does not recall any rules/instructions being provided the division from CJTF-7 and MNF-I that laid out for the division what its relationship should be with PSCs. If there were no such rules there should be. The division did get rules on arming contractors (again see above re distinction between contractors accompanying the force and PSCs.)

Record of Interview

Security Statement

(1)
|
(2)

Title	Interview with [redacted] (Private Security Contractor)
Purpose	To discuss issues related to private security contractors in Iraq
Contact Method	Face to face interview
Contact Place	[redacted]
Contact Date	January 13, 2005
Participants	[redacted]

[Large redacted area]

GAO

Carole Coffey, Analyst-in-Charge
Kate Walker, Analyst
Chris Durbin, Analyst

Comments/Remarks:

Introduction

Following a tour of the [redacted] facilities led by [redacted], the meeting participants reviewed [redacted] answers to the initial list of questions provided in advance by GAO (see Work paper #12848071). These responses generated discussion and raised additional issues, which are described below.

Company Description and Security Overview

Operations in Iraq
[redacted] stated that [redacted] has provided personal security/close security, fixed-site facility security, and counter-terrorism training in support of U.S. government operations in Iraq for over one (1) year. [redacted] stated that most of the company's work is performed for the Department of State (DOS), although [redacted] does provide fixed-site security for the Department of Defense (DOD). Currently, [redacted] holds nine (9) contracts in Iraq staffed by a total of 455 personnel (179 expatriates and 276 third country nationals).

█ noted that DOD provides outer-level perimeter security for the International Zone (formerly known as Green Zone) in Iraq, but within the Zone, security is provided by both DOD and private security contractors (PSCs). On █ contracts, the overall level of security provided varies according to both contractual requirements and the environmental threat level. When changes to the threat environment occur, the client (DOS or DOD) has the ability to modify the level of security provided by █ an make suggestions as to the level of security that should be provided, but it is the client's responsibility to modify the contractual requirement. This process becomes complicated, at times, on DOD contracts due to high turnover (every 60-90 days) of DOD contract officers.

Iraq Security Situation

█ stated that the security situation in Iraq continues to worsen, and they do not anticipate any improvements until at least after the Iraqi elections are held in late January 2005. Currently, the most secure areas in Iraq could best be described as "high threat", while the least secure areas are combat zones. In addition, █ noted that hostilities are no longer confined to the Sunni Triangle area. Instead, new religious and tribal factions have become involved with the ultimate goal of preventing the success of national elections. Outside influences from other countries are also affecting the security situation in Iraq. █ also stated that "even the best area in Iraq is considered unsafe."

Views on Issues Involving PSCs in Iraq

█ stated that the most significant issue facing █ is the inability to quickly and efficiently receive authorization to move weapons, ammunition, and equipment into the Iraqi theater to support U.S. government contracts. Other issues include a lack of clarification of the legal status of private security employees, which translates into liability and insurance issues, as well as the overall immature status of the Iraqi legal and enforcement mechanisms. (Additional details provided within Weapons section below.)

Weapons and Training

Weapons Used by █

█ stated that the weapons carried by █ employees are specified by individual contract requirements, but that primary systems include M-4 rifles, AK-47 rifles, and Glock-19 pistols. These weapons are consistent with those outlined in the initial end user certificate (EUC) █ obtained from the Coalition Provisional Authority (CPA), but have varied on occasion from specific weapons █ as requested.

Challenges █ Faces in Acquiring Belt-Fed Weapons from Vendors

As request for proposals (RFPs) are issued, they generally outline the weapons a bid-winning PSC will be required to use, including various automatic and belt-fed weapons. Although █ possesses a federal firearms license that enables them to acquire automatic weapons, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) regulations prohibit them from acquiring belt-fed weapons. █ cannot even purchase these weapons if they are registered as

government furnished equipment (GFE). Some examples of contractually required belt-fed weapons include the M-249 and M-240 machine guns. Under [REDACTED] contracts, these weapons become government furnished equipment at the point of sale. However, [REDACTED] cannot find a vendor who will sell it belt-fed weapons due to the previously mentioned ATF regulations. [REDACTED] described this as a Catch-22 situation.

Challenges [REDACTED] Faces in Acquiring EUCs and Export Authority for Weapons

Another challenging situation facing [REDACTED] concerns the process of obtaining EUCs and receiving export authority for weapons. While some contracts provide weapons and ammunition to [REDACTED] as GFE, other contracts require the company to acquire an EUC from the contract authority to permit it to purchase weapons and apply for export authority from DOS's Directorate of Defense Trade Controls (DDTC). Under the EUC process, delays occur at both the point of EUC issuance as well as during DDTC review of export authority requests, [REDACTED] officials indicated [REDACTED] pointed out that the process of receiving an EUC only to later have export authority denied is self-defeating, given that DOS is often the agency both issuing the EUC and subsequently denying the export authority (via its DDTC). [REDACTED] indicated that the DDTC is not consistent in their issuance of export authority. Export authority is granted on a variable basis and is dependent upon the whim of the DDTC official. [REDACTED] has had a widely ranging timeline for receiving their export authority. For example, [REDACTED] received authority for buttstocks in 48 hours, but waited nearly 6 months to get their first shipment of weapons.

According to [REDACTED] officials, the current process of EUC issuance and DDTC export authority review could be improved. Currently for government contracts, DOS (as contract authority) provides an EUC to [REDACTED] which then submits the EUC to DDTC (export authority) for review. Alternatively, if DOS furnished its DDTC with a copy of the EUC at the time of contract award, and then issued the EUC to the contracting company within 72 hours, then DDTC would have advance notification of company requests, and companies would be able to meet short delivery timeframes.

For civilian contracts, [REDACTED] noted difficulty in determining who within the Iraqi Ministry of the Interior has the authority to sign EUCs for such contracts. [REDACTED] anticipates that DDTC approval in support of these types of contracts will require longer lead times and may require additional confirmation in order to gain approvals.

Challenges [REDACTED] Faces in Providing Training to Its Employees

[REDACTED] stated that providing training for certain U.S. manufactured weapons is prohibited under the International Traffic in Arms Regulations (ITAR) and presents a major issue for PSCs. She noted that ITAR only covers what is exported from the U.S., so weapons shipped from Germany, for example, are exempt from ITAR training prohibitions. [REDACTED] stated that [REDACTED] has sought permission to train vetted employees (i.e., those possessing certain military skills or experience) from Sri Lanka, the United Kingdom, and Canada, and the company has been denied. Currently [REDACTED] must operate under the system of providing a training roster to DDTC and waiting extensive periods of time for approval. Consequently [REDACTED] often must rely upon its personnel vendors to provide training and/or trained products (personnel) to the company. This reliance is not ideal given that training standards vary among the home

(2) countries of individual [redacted] employees and by job responsibility. However, [redacted] noted that the quality and previous combat experience levels of [redacted] employees has only improved since the company's initial Iraq deployments.

Chain of Command and Military Interaction

Transition from CPA to DOS

[redacted] stated that since the dissolution of the CPA and subsequent handover of contracts to DOS, that [redacted] project managers report to either the DOS regional security officer or assistant regional security officer for each site and/or contract. Consequently, [redacted] now typically coordinates its efforts with DOS. DOD regional military commanders do not have authority over [redacted] employees, other than to provide primary direction such as designated no-go regions.

Chain of command

Interaction with Military

[redacted] noted that DOD has been very helpful in terms of providing after action MEDEVAC and removal of downed vehicles to [redacted] and its employees. In turn [redacted] assisted the military with medical support at some of its sites because the company often has higher qualified medical personnel than DOD. As far as receiving military support during an actual incident, [redacted] stated this was improbable, given the short time frames associated with such activities. He did note that [redacted] has developed a robust intelligence network throughout Iraq, and this information is formally shared with DOS, which then passes it along to DOD. Interoperability between PSCs and the military remains limited due to the varying missions of these entities and the fact that neither group shares frequencies, encrypted radios, or secure communication devices.

In addition, because [redacted] is embedded on military installations, its employees have developed active formal and informal information sharing with regional DOD personnel. While on these installations, [redacted] employees are generally under the regional/local DOD commander's procedures and regulations. [redacted] stated that this situation causes some tension between DOS and DOD, but such issues always get worked out, despite confusion related to everyone and every entity having different policies. This situation becomes even more complicated when military troop rotations occur and new personnel arrive and modify or implement new rules and regulations.

The Project and Contracting Office's (PCO) Regional Operations Center (ROC), Movement Coordination, and Communication

Movement Coordination

[redacted] stated that [redacted] coordinates personal security detail movement and personnel information with its client, DOS. The DOS regional security officer is responsible for conveying these movements to the military (but [redacted] often informally notifies the military, as well). DOS maintains a list of [redacted] personnel by site location that is updated daily based on

(e) reports the company provides to DOS. After-action reports are also submitted to DOS, who may or may not pass them along to the military. [redacted] noted.

Interaction with PCO/ROC

With regard to the PCO, the company is registered and shares information with this office directly, by e-mail, or by telephone, but it does not coordinate movements through the PCO. For its part, the PCO relates intelligence to [redacted] through a website, e-mails, and telephone (if a [redacted] employee calls the PCO). The PCO is not an actionable organization.

[redacted] noted that [redacted] has not participated in the ROC and stated that such a system does not work because [redacted] reports to DOS, not DOD. ROC information provided to [redacted] well after the fact and often through the ROC website and/or e-mails, which is not effective because most [redacted] employees do not carry BlackBerries (wireless communication devices). Likewise, it would be difficult for [redacted] to provide movement information to the ROC due to the fluid situation in that country, which causes timelines to be rarely followed. The lack of interoperability between the different contractors working in Iraq and the military also makes movement coordination difficult. Good working relationships have developed with the military, however, which facilitate low level coordination with DOD.

View ^{Aegis'} on Contract Performance

[redacted] stated that [redacted] does not believe that [redacted] Defense Services has been successful in its mission. He noted that because PSCs are private companies registered with the Iraqi government, there is no requirement to work with [redacted] and many companies have chosen to work independent [redacted] Additionally [redacted] stated that ^{Aegis} contractors do not feel confident in sharing information with a competitor.

Interaction with the Iraqi Government

Registration with Iraqi Ministries of Trade and Interior

[redacted] stated that [redacted] is registered with the Iraqi Ministry of Trade (MOT), and its application has been submitted with the Iraqi Ministry of the Interior (MOI). Some difficulties were encountered related to the \$25,000 bond requirement for MOI registration, but resolution was reached, and a U.S. bank is currently in possession of this bond. [redacted] expected the bond to be processed next week by MOI and for [redacted] registration to be processed shortly thereafter. She stated [redacted] DOS contractor, was very helpful in expediting this process.

MOT and MOI Implementation of CPA Memorandum 17

[redacted] stated that over time, [redacted] believes MOT and MOI will have the systems in place to support the efforts of CPA Memorandum 17. However, the current overall lack of an enforced legal system, stable security situation, stable banking system, and ratified constitution makes the situation challenging.

In addition, [redacted] noted that the CPA turned over sensitive weapons card and registration documents related to PSCs and their employees to the new Iraqi ministries. These documents

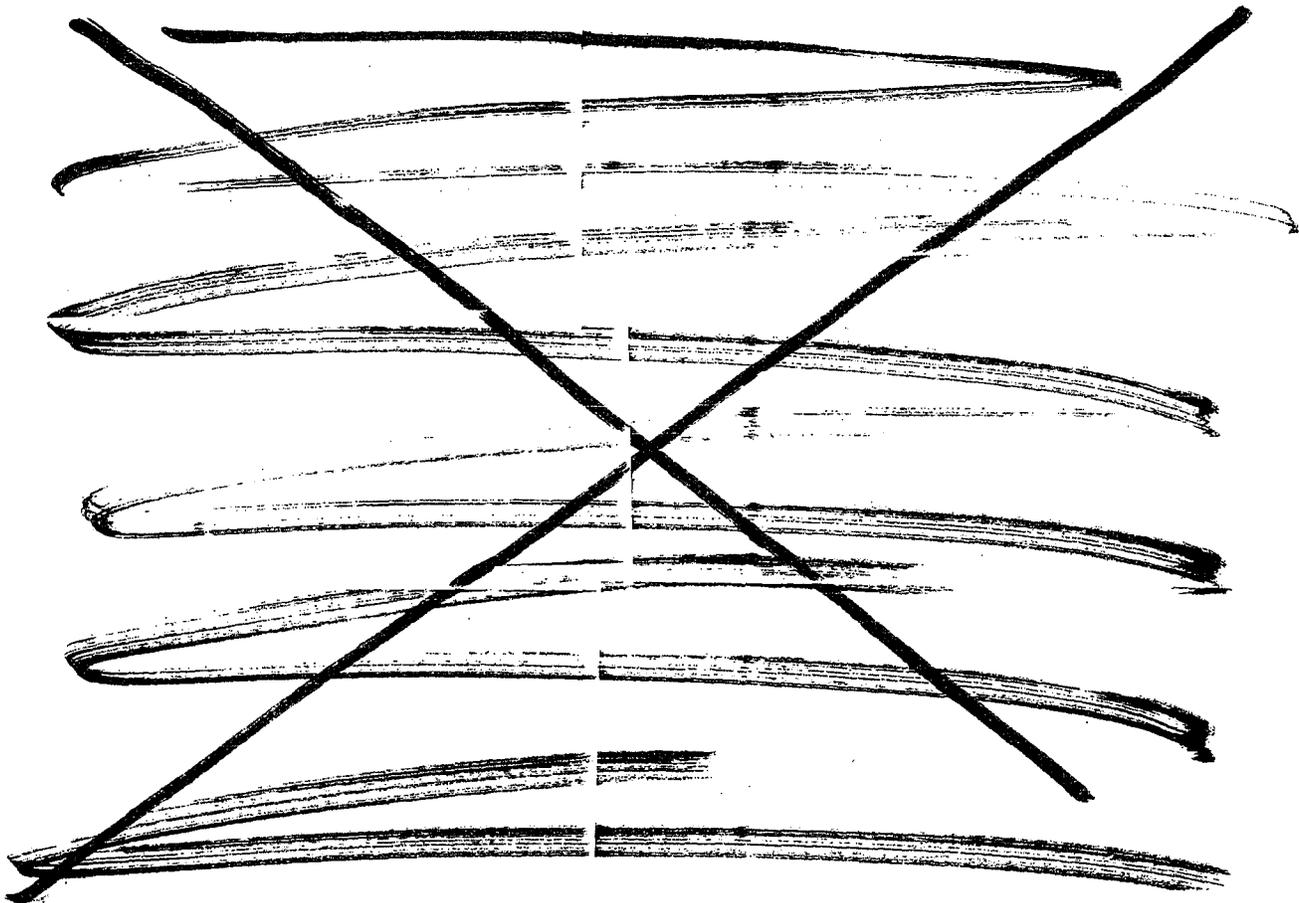
contain names, addresses, and fingerprints of every PSC employee in Iraq, and their turnover to the Iraqi government was probably a violation of the 1974 Privacy Act, he said.

Employees and Recruitment

(1)

_____ provided copies of five (5) slides to GAO detailing _____ employee demographics and recruiting issues (see Workpaper #C-TC-2H).

(1)
(e)



Other Issues

(1)

- _____ has encountered no issues related to transferring security clearances. Every _____ employee sent to Iraq from the U.S. has at least a Secret clearance. (Top Secret clearances are not required under their contracts.)

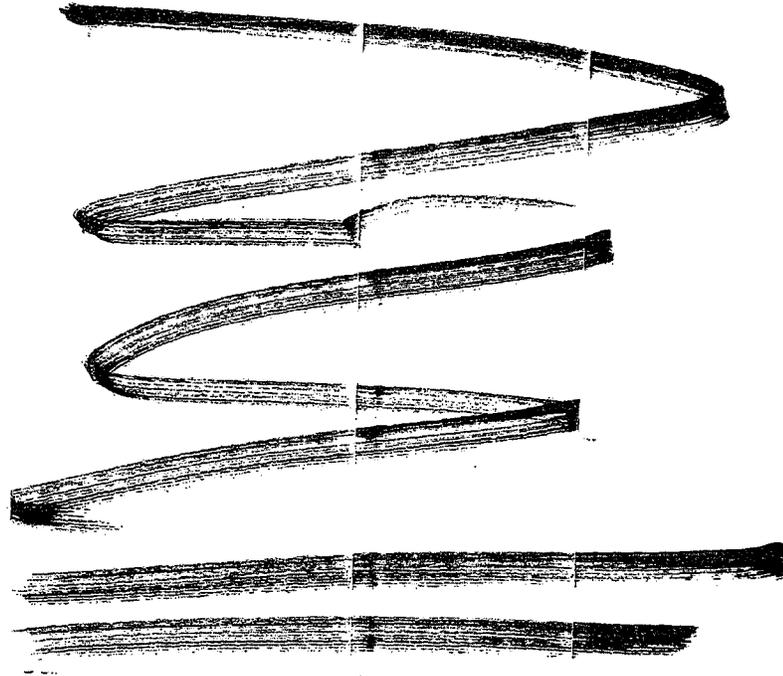
- CP
- PSCs are in a state of redaction (not consolidation). Only "appropriate" firms are surviving [redacted] ated.
 - The PSC Working Group convenes monthly as a private organization. Every PSC in Iraq is a part of this group. [redacted] is not a financial contributor, however. This Group seeks to reduce "blue on blue" incidents (between PSCs) and "green on blue" incidents (between military and PSCs), but it has not proven effective, according to [redacted].
 - The Overseas Advisory Council (OSAC) is a DOS program that provides general area travel information. [redacted] has not found it to be very useful, and the Council has not convened a meeting for several months now.
 - On behalf of [redacted] offered to meet with GAO again to discuss specific issues facing PSCs related to ITAR. [redacted] remains the point of contact for GAO.

Record of Interview

Title	VTC with PCO, Baghdad
Purpose	To learn about status of the PCO
Contact Method	Video-conference
Contact Place	GAO HQ and Baghdad, Iraq
Contact Date	January 18, 2005

Participants

7
481



Tim DiNapoli, Assistant Director, ASM, GAO
Carole Coffey, Analyst in Charge, DCM, GAO
Kate Walker, Analyst, DCM, GAO
Chris Durbin, Analyst, DCM, GAO
Mike Avenick, Analyst, DCM, GAO

Comments/Remarks:

We met with several members of the Project Contracting Office (PCO) staff and the Logistic Management Coordination Center (LMCC) via video-conference.

91
71

 in Baghdad, led the discussion. He opened our meeting by emphasizing that the theatre in Iraq is unprecedented and that lessons are being learned every day as the PCO adapts to the changing environment.  mentioned that in addition to the items raised in our questions, the PCO would also like to address 1) PSB Insurance 

(2) [REDACTED] 2) the creation of a government armory to distribute weapons locally in Iraq.

(2) In response to our questions regarding the handover of the PCO to USACE, [REDACTED] indicated that the rumor of the demise of the PCO was premature and that only parts of the PCO will be migrating to other areas. For example, USACE will maintain control of the administration of reconstruction projects. PCO contracting authority was moved to the GRD. Administrative contracting officer responsibility was sent to the GRD after the task order was issued. In September 2005, the PCO contracting was to be assimilated into GRD contracting.

Below follows the list of questions we sent the PCO and their responses. I have annotated their responses with notes from our conversation.

Current Status of the PCO and Security

1. **Is the PCO currently disseminating information on the security situation to contractors and guiding contractor movement?** Via the Regional Operation Center (ROC) at the PCO.
2. **Which contractors are actively participating with the PCO?** Participating contractors include, but are not limited to [REDACTED].
What resources does the PCO's ROC offer to PCO contractors? 1. Operations 2. Information 3. Coordination **Non-PCO contractors?** Same **PCO subcontractors?** Same **Does the PCO maintain a database of participating contractors?** Yes. Participation is voluntary, but registration, to the best of my knowledge is not cross-checked against a database of PCO security contractors (because a database does not exist).

(2) (**Analyst note: [REDACTED] noted that the PCO's ROC has only been up and working since mid-October 2004 and that the ROC is still working out some kinks. The PCO's ROC serves as a facilitator for cooperation and advocacy for PSCs. [REDACTED] indicated that the PCO's ROC currently does not have the manpower necessary to maintain a database of contractors. [REDACTED] emphasized that contractors are not contractually required to participate in the PCO's ROC. Registration of contractors at the PCO is not cross-checked against a database of PSCs. The ROC does not maintain an attendance roster of PSCs, however, all primes and subs are welcome to participate. [REDACTED] believes that the ROC has been successful and sites that the UN and the Iraqi ministry have contacted the PCO regarding participation in the ROC. [REDACTED] r to send number of billets and staff at PCO.

The original design-build contractors had to provide all the security and life services. This was found to be cost-prohibitive and contractors have found a middle meeting ground by utilizing the resources offered by the PCO's LMCC and ROC. There was an initial handshake agreement that if contractors participated in the PCO's ROC and LMCC then medical and security responses would be provided to them. By having contractors participate in the LMCC, there was also hope that the cost of insurance for contractors in Iraq would decrease because the contractors would be better

WAO - ROC

protected. For example, those companies that are "driving their cargo like a stagecoach" (i.e. driving without any protection or without notifying the military of their actions) should expect to pay more in insurance than those that are driving on secured roads with contact to the ROC and LMCC. LMCC hopes to maximize the benefit of coordination and decrease the escalating costs of insurance.

(8)

██████████ informed us that the PCO has made aggressive attempts to try and get USAID to participate in the ROC and the LMCC, but USAID refused to participate. ██████████ described USAID as "not a team player." For example, USAID transferred authority of the Baghdad International Airport (BIA) to the Iraqi Ministry, which is now refusing to transfer big-ticket weapons. The military and Department of State were not conferred on this decision. Mr. Holly indicated that dating back to the 1970's BIA was a notoriously poorly operating airport and that the Iraqis operating the airport were poorly trained. He believes that it was a poor decision to turn the airport over to the Iraqis and that the importation of weapons and necessary military equipment will be severely hampered. In another example, USAID would not participate on an Economic Security Board that sought to prioritize security in Iraq.)

3. **Is the PCO's ROC fully operational and integrated with Iraq's regional operation centers?** If you're referring to the Regional ROCs, the answer is yes. There is close coordination between the ROC and the RROCs.

(**Analyst Note: There are six regional operation centers planned. Only two of these operation centers are not fully operational—Camp Victory and Ramadi. Camp Victory has a life support problem. Ramadi is operating in a very dangerous work environment and is standing up a team in Fallujah until the Ramadi site is fully operational. ██████████ indicated that Ramadi has a very close relationship with the 1st MEF Marines unit in Fallujah. ██████████ asked what steps would be taken to ensure that the transition from the 1st MEF to the 2nd MEF would be smooth and would ensure that the strong relationship with the ROC at Ramadi would be continued. ██████████ indicated that while there would be a few organizational changes in the GX at division HQ, overall he believes that the transition will not change the active relationship between the ROC and the MEF.)

4. **What is the current security situation in Iraq?** Depending on the particular area, this can be a tough, challenging, difficult environment. Even short distance trips are dangerous, time-consuming and expensive. Project sites are subject to attack and loss of materials and workers because of treats and intimidation. For the latest information on the security situation in Iraq, contact DIA J-2. **How has this situation changed since the initial arrival of troops in Iraq?** A ground war evolved into an insurgency featuring asymmetric warfare and terrorism.

(**Analyst note: ██████████ indicated that defining the security situation in Iraq depends upon your frame of reference; the security situation varies depending on which area in Iraq is being discussed. ██████████ indicate that since the initial invasion of Iraq, the troops have gone from fighting a ground war to dealing with an insurgency.)

8

5. **Which contractors participate with the PCO's ROC? See above response to question 1. Can we have a list of participants?** I do not maintain an attendance roster but am confident that 80 to 90% of the PSC community and all of the Primes and DBs are participating in ROC activities.

Movement Coordination

1. **Does Aegis help plan contractor movements? Yes, by its participation in the ROC. How does [redacted] coordinate movement across Iraq? Via the ROC and its close relationship with the LMCC. For example, does [redacted] coordinate movement by contacting Regional Operation Center's across Iraq?** [redacted] and the RROCs are but two elements in movement coordination in Iraq, which features the LMCC and its Tapestry system, the ROC and its information, intelligence, coordination and operations services.

(A) ****Analyst Note** [redacted] ROC works with the LMCC, regional ROC's, and the tapestry to plan movements. The LMCC takes the lead in movement planning and has visibility to MNFI. In order to plan and coordinate movement, LMCC has utilized transponders.

Per their design-build contracts, contractors were originally required to supply all security and medical support for their projects. However, the continued combat situation in Iraq has made furnishment of this level of support financially unfeasible for contractors, so a mutually agreeable (with the ROC) system of registering movements and using transponders has developed. In spring 2004, the LMCC encouraged participating contractors to purchase their own transponders and participate in the LMCC's operating system. The idea was for these contractors to purchase their own transponders but require these to have a common operating system among all contractors as well as a system that was compatible with the existing military transponder system. Contract modifications would have made these transponders government-furnished equipment (GFE). However, due to issues of oversight and interoperability problems, LMCC instead decided to purchase the transponders internally and distribute them to design-build contractors. The LMCC allocates one transponder for personnel movement and two transponders for convoy movement. After the LMCC originally decided to provide transponders for design-build contractors, 200 lower quality transponders were purchased due to the urgency and quick turn-over of the order. Thus, the military's 20-25K transponders did not have an emergency button system that can be alerted when under attack. The LMCC has since purchased nearly 400 new transponders that have emergency buttons.)

2. **How are handoffs between divisions boundaries handled? Are there any overall DOD/CENTCOM policies guiding handoffs between divisions?** Movements are coordinated through the LMCC which registers the movements with the theater movement control cell (TMCC). Usually there are no movement coordination measures required crossing the boundary of one MSC to another. When a convoy approaches a checkpoint, regardless of the AOR (area of responsibility), the March Credit document suffices to allow passage. If, however, coordination is required for a strategic move (i.e., large generator w/ military escorts), coordination measures are established in an OPORD (Operation Order)

issued through the ROC (Regional Operation Center) to MNFI SOC (Security Operations Center) for MNCI execution.

(**Analyst Note: The LMCC registers movements with the TMCC. Currently, there are two systems for tracking movement in Iraq: (1) the March Credit system and (2) Tapestry. The March Credit system is a contractual obligation for passage between divisions. March Credit orders are issued by the control battalions. Once a contractor has applied for a March Credit order, they are then assigned an alphanumeric code. This code is validation that the military has received the movement order request and have notified all relevant parties on the route of movement that the contractor would be traveling in their AOR. Transponders under the Tapestry system allow for positive 1-2 minute updates on movements and validate March Credit order movements. In addition, a Fragmentary order (FRAGO) has been drafted that would require MNF (I) commanders to provide life support for certain contractors, including PSCs.)

3. **Does the PCO inform division commanders of private security contractors moving into their AOR?** Yes, if they are part of registered convoys or through the Tapestry system.

(**Analyst note: Division commanders are informed of the registered convoy via the tapestry system.)

4. **Have there been any "blue on blue" or friendly fire incidents due to the military being unaware of private security contractors in their sector?** There are many Blue on Blue incidents, but not because the military was not aware that PSCs were in their sector.
5. **Can you site any situations in which the military has fired upon a private security contractor or contractor or vice versa? YES. What conditions led to this situation?** Conditions range from poor fire discipline on the part of soldiers to deep anxiety and nervousness borne of many SVBIED (Suicide Vehicle Born Improvised Explosive Device) attacks. **How does the PCO's ROC prevent friendly fire?** The ROC documents cases of blue on blue and engages MNFI over them. It has proposed improvements to facilitate better coordination between PSCs and the military. It has provided PSCs with recommended TTPs for avoiding such incidents. Through the LMCC, it has enabled the military to have visibility on whom is in their AO.

(**Analyst note: [REDACTED] have seen a rise in blue-on-blue incidents in the past 2.5 months. [REDACTED] to send a copy of TTP's regarding approaching the military. [REDACTED] indicated that he had given a briefing to [REDACTED] regarding blue-on-blue incidents in December 2004. To [REDACTED] knowledge, there had been only one incident in which a PSC shot at the military.)

Communication and Intelligence Sharing

1. **To what extent can and are threat information shared between US military forces, the PCO, and other US government agencies?** Limited. Could always be better. Growing. Foreign disclosure a problem.

relations between PSCs and the PCO and ROC is determined by what needs to be discussed and who within the PSC is most appropriate to do so.

(**ANALYST NOTE: ██████████ indicated that there were no set procedures for contacting the PCO and contractors can contact the PCO directly.)

7. **How does the PCO handle emergency situations?** It notifies appropriate MNFI authorities. **Can the PCO dispatch quick response teams?** NO, there are no QRFs assigned to the PCO, they are to the military.

(**ANALYST NOTE: In addition to the PCO, there is also a tactical operation center at the American Embassy in Baghdad. The PCO does not send out quick response teams; the PCO is merely the platform for communication.)

8. **Does the PCO have any arrangements with Multinational Forces Iraq and military units throughout Iraq to request quick reaction forces and emergency medical and medical evacuation support to private security contractors that come under attack and to deconflict/facilitate movement of private security details and convoys with military unit movements?** On a not-to-interfere basis and as forces are available, MNFI has agreed to respond.

(**ANALYST NOTE: The PCO has responded to every situation of which they were informed.)

9. **Do these arrangements differ depending on who lets the contract? Are contractors working for the PCO given priority over non-PCO contractors and subcontractors?** Which particular contract the PSC is supporting at time of difficulty is not part of the decision matrix.

10. **Does the PCO interact with ██████████, Security Management Center?** Not directly.

(**ANALYST NOTE: ██████████ indicated that ██████████ scope had a very limited scope supporting DOS. In addition, ██████████ ed that many of the PSCs have their own operation centers. The PSCs have tried to cobble together the intelligence centers from the various PSCs, but have run into problems with funding. PSCs have different budgets for their spending on intelligence gathering and, thus, it would be difficult to determine an appropriate fee for participating in a PSC-administered communication center. The PSCAI tried to address this gap and the PCO has further improved communications among PSCs.)

11. **How do contractors and military units convey their location to the PCO?** Contractors through beacon (transponder) system. Military does not. **How do contractors contact the PCO while in movement?** Sat phone or via beacon.

(**ANALYST NOTE: The LMCC maintains display software that allows the military to see all PCO participating contractor movements.)

12. To what extent is the PCO's communications equipment interoperable with military communications equipment? VERY Limited. PCO does not share military comms. Do have cell phones and land line numbers.

(**ANALYST NOTE: ██████████ indicated that the PCO is currently using an MCI system that allows them to call out of theatre location from a remote line in the United States. The absence of shared VHF is a major concern for ██████████. Also added that the military is reluctant to give contractors the full range of communications due to security concerns.)

13. Can the communication system between PSCs and the PCO's ROC be improved? How so? Yes. Common equipment. Costs many \$\$

(**ANALYST NOTE. ██████████ sked ██████████ which kinds of communication systems we would need to improve communications in Iraq. ██████████ indicated that Thuraya phone systems, HF comms and VHF comms would improve communication. ██████████ indicated that the use of Regional ROC's also helps to improve communication because RROC's can communicate directly with each other when persons traveling in their AOR are unable to communicate.)

14. Does the PCO's ROC write after-action reports? The PSCs write the after action reports. In which types of situations have these reports been written? When contact occurs. Do private security contractors participating in the PCO's ROC movement coordination relay any after-action or after-incident reports? Yes.

15. Does the PCO's ROC maintain a database of contractors working in Iraq? No. If so, how does the PCO collect this information on contractors? Which contractors are included in the database? Are subcontractors and non-DOD contractors included in the database? If this data is not currently being collected by the PCO's ROC, is any DOD organization collecting this information? Are there plans to implement the creation of a contractor database? The ROC does not have the manpower to establish and maintain a data base. Since every contractor coming into Iraq requires a CAC card (technically), I've asked one of staff to use this as a start point. I believe this is a function of IRMO and not the ROC, at least as we are currently configured. Bottom line, this is currently not being performed but we are working on establishing a start point.

(f) (**ANALYST NOTE: (██████████ indicated that the PCO does keep list of contractors on an ad hoc basis. The ROC does not have the manpower to maintain a working database of contractors. The PCO has used CAC card applications as a way to gauge the number of contractors working in Iraq. ██████████ believes that the maintenance of a database of contractors should be an IRMO responsibility. ██████████ indicated that until July 2004, there was not even an automated database of contracts in Iraq. The PCO is still trying to get a list of Iraqi contracts and authorized dates of service. There are a number of reasons that a database would be helpful, including knowledge of the constant movement of contractors, personnel recovery issues. Without a database of contractors, it would be difficult to gauge the "damage done when contractors fall into the wrong hands.")

16. Does the PCO track casualties or incidents involving private security contractors or contractors? I don't think so. Does the PCO track casualties or incidents involving the military? No.

(**ANALYST NOTE: The GRD does maintain metrics on those incidents (KIA's and WIA's) that affect their ability to meet delivery and destination goals.)

(2) 17. We have heard from several contractors that there is concern that ^{Acqis} [redacted] not sufficiently fulfilling their contract and that they are wary of sharing information with a peer. Many contractors believe that communication function performed under the [redacted] contract is an innately governmental position and should be preformed by a DOD entity. Because of these concerns, several contractors have indicated that they will utilize the PCO's resources, but do not place much faith in the program? Engaging in firefights with terrorists is also an innately governmental position, but unless the government chooses to provide manpower far above current levels, we must rely on contractors to provide shooters, communicators and other experts fulfilling critical roles. "As for not sufficiently fulfilling their contract", it's true that [redacted] t off to a rocky start last summer [redacted]

(4) [redacted] heir performance has improved markedly and they were recently provided by the Contracting Officer with a (non-binding) notice of intent to exercise its option. Some of these rumors can be attributed to a lingering perception from these early days of the contract. Others may be based in the competitive reluctance of other PSCs to deal with [redacted] or fear of losing a client to [redacted]. Has the PCO heard these rumors and what steps have been taken to address these concerns? We've heard them, although in diminishing intensity over the past several weeks. PCO and the ROC operate in a transparent fashion which should alleviate such concerns. We oversee [redacted] performance on a continual basis. We will seek continued process improvement.

Weapons

1. What type of weapons do [redacted] personnel use while protecting PCO personnel? M4, MP5 and AK 47 rifles, Glock 17 and 19 and CZ 75 pistols and Minimi as team weapon.
2. The Draft Interagency Memorandum indicates that the PCO would be responsible for maintaining a list of weapons and ammunition that are approved by the USG for issuance. Does the PCO or [redacted] currently maintain this list? [redacted] not responsible for maintaining the list. The weapon procurement was approved by COR, PCO and DOS. That list has been superseded by a law signed by Ambassador Bremer just prior to his departure which authorizes PSCs to carry military-level weapons.
3. Under Memorandum 17, Iraq's Ministry of Interior (MOI) is supposed to issue weapons cards. Is the MOI administering Weapons Cards? Yes, to registered PSCs.

If not, why not and who is administering these cards? If MoI does not do it, it isn't done.

4. Have you heard of any contractors that have encountered difficulties in obtaining weapons? YES.

(**ANALYST NOTE:

[REDACTED]

Chain of Command

1. What authority does the PCO's ROC have over private security contractors? No authority, but collegial suggestions.
2. What authority does the combatant commander have over [REDACTED] employees? Coalition military runs Iraq security, what MNFI says, goes.

Contracting Issues

1. Does the PCO have any lessons learned with regard to contracting for security providers and/or security related equipment, such as armored vehicles, body armor, and communication devices? What actions are you taking to incorporate these lessons in new procurements? Similarly, what approach are you taking to share or disseminate your solutions to other agencies or departments? Because of the nature of [REDACTED]'s costs-plus contract, PCO Security reviews all requests for purchase of equipment. It may accept, reject, modify or send such requests back to [REDACTED] or further information. The Contracting Officer then reviews and decides whether to authorize purchase by [REDACTED]. As to lessons learned by [REDACTED] they state as follows: [REDACTED] Training Wing includes our operational research function. It collates feedback from our own

organization, selected other companies and special operations units where possible. This is then factored in to our reviews of: Training, SOPs and Equipment Procurement. Our external feedback goes routinely to the RSO and PCO and specifically (e.g. in the case of our vehicle escort policy note) to Dir PCO and widely within and without the organization."

- (2)
2. **From your perspective, does the PCO have sufficient visibility over security providers and security related costs? What management controls or tools are in place that assists you in these areas? Does the PCO have new initiatives or plans that would improve control or visibility over security providers and security-related costs? See our response to Contracting Issues Question One, above.**
 3. **The [redacted] ntract indicates that the military is responsible for threats above Level I. Who determines the threat level and is there a set chain of command for events entailing threat levels above level I? The military generally determines the threat level. However, the Embassy also determines threat response for COM personnel and may, for example, bar PCO personnel from traveling certain routes even when, as with Route Irish, MNFI has said it's okay. PCO must answer to both chains of command. Does [redacted] ve a military contact for times of immediate need or are all requests for military assistance sent through the Contracting Officer? Requests for military assistance are sent either through the ROCs/RROCs or the Security Directorate, not the Contracting Officer.**
 4. **The original contract with [redacted] equired that the contractor comply with DOD regulations, directives, instructions, general orders, policies, procedures and in particular Army Regulation 715-9 and Field Manual 3-100.21. Did the PCO provide [redacted] with a comprehensive list of guiding documents and, if so, what are these documents? No.**
 5. **Can we have contact information for [redacted] res. Please contact [redacted] via its [redacted]**
- (2)

Record of Interview

Title	Interview with [REDACTED]
Purpose	To obtain information regarding PSCs in Iraq
Contact Method	Face to Face
Contact Place	[REDACTED] headquarters
Contact Date	April 7, 2005
Participants	[REDACTED] Mr. Steve Sternlieb, GAO DCM Assistant Director Ms. Carole Coffey, GAO AIC

Comments/Remarks:

Company Description and Security Overview

1. What contracts does the [REDACTED] have in Iraq?
 - [REDACTED] has no contracts directly with the U.S. government. The largest contract they have is providing security for [REDACTED] who is under contract to the Corps of Engineers to rebuild the Iraqi electrical infrastructure.
2. What types of security (convoy, personal security, facilities) does the [REDACTED] provide for contractors and government agencies in Iraq?
 - [REDACTED] generally works in [REDACTED] Iraq and provides PSDs, convoy security, residential security, static security and security assessments depending on the needs of the client.
 - The [REDACTED] business model is a low profile business model and uses no TCNs and very few westerns (who are referred to as Internationals). Instead, they use local Iraqis who provided by the local tribal leaders. The ratio is generally 1 international to 7 or Iraqis. The tribal leaders act as labor brokers, [REDACTED] pays the leader and the leader pays the local labor [REDACTED] respects and assures that the local nationals are following procedures and are providing the right services in the right manner. When they find problems, they reduce their payments to the tribal leaders. *sounds sketchy*
 - In keeping with its low profile business mode, [REDACTED] uses soft sided sedans and station wagons, and perhaps some SUVs. They have very few "hard cars"

Chain of Command and Military Interaction

1. Do any contracts require the [REDACTED] or its employees to coordinate with the U.S. military? If contracts do require coordination, how does the [REDACTED] or its employees coordinate with the U.S. military? Has the [REDACTED], established any procedures for working with the military? Has the military established any procedures for working with PSCs that the [REDACTED] is aware of?
 - [REDACTED] has tried to coordinate with the military in Iraq and has had a varying degree of success. Generally, [REDACTED] area managers contact the U.S. military commanders in the area

(R)
and try to establish a working relationship. According to [redacted] some commanders are very willing to work with the [redacted] area managers, even offering them lodging and others have no interest in working with the PSC [redacted] believes that the differences are a result of personalities. There are no procedures for working with the military and when PSCs suggest that standard procedures be established for checkpoints etc, the suggestion is met with initial enthusiasm and then nothing happens. The military has not provided any instructions for the PSCs on how to deal with military. There is no "Village Idiots Guide" for PSC/military relationships and every thing is dependent on personalities. [redacted] did not think that, because [redacted] mpany, they had any more problems dealing with the American military than other companies. [redacted] did express a feeling of frustration during those times when the military is transitioning one unit in and other out because of the need to establish new working relationships. [redacted] said that his is unaware of any military commander trying to coordinate with the PSCs and others who might be operating in the commander's AO. If any coordination is done, it is initiated by the contractor.

Has the [redacted] or its employees ever requested military aid or backup? If so, please explain the incident and its consequences? What was your opinion of the assistance provided to you by the military?

(HAT)
[redacted] requested assistance from the military in April 2004, when their "house" in al-Kut was under attack from an armed mob but never received any assistance. According to [redacted] the Ukrainian Brigade was tasked to provide assistance but the assistance never came despite repeated requests.

[redacted] noted that during the same incident, the CPA "house" which was about 400 meters away, came under attack as well however, the Ukrainian Brigade assisted the CPA contractors [redacted] and then pulled out of the area. [redacted] said that [redacted] d generally stopped asking for Quick Reaction Force assistance from the military because incidents are generally over so quick that the assistance can't get to their location in time. In response to our question [redacted] noted that his people have the ability to contact the local commanders if assistance is needed. They do not have to go through the ROC. After this incident was resolved, an Army Lt. Colonel with the CPA suggested that [redacted] develop personnel relationships with the military commanders in what ever areas they are working. While it might not have changed the outcome, such a personnel relationship might result in a more favorable outcome when assistance is requested.

[redacted] said that he could not comment on U.S. provided medical assistance; because they work primarily in the south, they use more British services.

3. Have the [redacted] employees ever provided aid or backup to the military? If so, please explain.

lc of structural shortcomings, interactions become determined by "personalities" an identity characteristic

(R)

HART

- No answer provided

4. Has the [redacted] noticed any differences in dealing/coordinating with the Marines or coalition military as opposed to the Army?

- No answer provided

5. Has the [redacted] suffered any friendly fire incidents with the military or other contractors? Please describe the circumstances around these incidents and any actions the company may have taken to prevent such incidents in the future. To whom are these incidents reported? If these incidents are reported in writing would you make them available to us?

- According to the [redacted] representative, the company is routinely involved in friendly fire incidents at check points and when encountering U.S. military convoys. [redacted] provided written information on the incidents including several incidents that happen within the last few months. [redacted] recounted one incident where the Hart vehicles came upon a U.S. military convoy and was given permission to proceed past the convoy. Apparently unaware that the convoy had been given permission to proceed (according to [redacted] sometimes the vehicles in military convoys can't communicate with each other) the second vehicle in the military convoy blocked their movement. [redacted] convoy slowed down behind the last military vehicle and again was given permission to pass the convoy. When they tried again, their route was again blocked. This went on for two hours until the [redacted] supervisors (an American and two other westerns) got out of their vehicle and approached the Army Captain in command. The captain directed his crew served weapon on the [redacted] employees and threaten them. The American has his passport out and identified himself as an American but this did not seem to make a difference to the Captain. No one was hurt in this incident. [redacted] believes that the U.S. troops lack "trigger discipline" particularly when troops first come into country. This [redacted] believes is because the troops receive no training on PSCs and how to deal with them before they deploy to Iraq. [redacted] pressed the view that U.S. troops need to have a better understanding of what PSCs are doing in Iraq and how they operate.

- [redacted] also related an incident that happened in March 2004. One of his teams was coming in from Jordan and was involved in an incident with an IED. One member of the team was badly burned and the team decided to turn around and return to Jordan. As they were heading back to Jordan, they were fired upon by U.S. troops who believed that they were the insurgents who had set up the IED. According to [redacted] several of his employees were hurt by the gun fire and the previously injured team leader got the cars off the road and dragged the men to cover. However, the U.S. troops had called in attack helicopters and just by chance the team was able to find the correct frequency and identify themselves. Although this happened quite some time ago, [redacted] is not at all confident that a similar incident would not happen today. [redacted] did not believe it

good anecdotal evidence

was necessary for the military to take these actions, and again he stressed what he saw as the lack of trigger discipline.

- (1)
- According to [REDACTED], PSCs are not required to report Blue on Blue incidents and he believes that many do not get reported. The problem of Blue on Blue incidents is a matter of great concern to the Iraq Private Security Association and is one that [REDACTED] is trying to get a handle on. [REDACTED] provided us with a copy of an E-mail from [REDACTED] urging PSCs to report all incidents so that he can take them to the military and try to get a resolution. In his email [REDACTED] stated that no PSC had died as a result of a Blue on Blue incident as of yet, but the odds were against the PSCs.
6. Have the [REDACTED] employees discharged small arms or other weapons in performance of [REDACTED]'s contract(s) in Iraq? If so, does [REDACTED] produce a report of these incidents? If these incidents are reported in writing would you make them available to us?
- The incident at al-Kut required the [REDACTED] employees to discharge their weapons. [REDACTED] provided information on this incident. [REDACTED] said that the [REDACTED] has clear rules on the use of force and these are modeled on the British military's "Yellow Card" or rules of engagement.
7. Has the [REDACTED] developed its own intelligence/information gathering capability? If yes, to what extent has this intelligence/information been shared with the military? Also, does the military provide intelligence and security information to the [REDACTED]?
- [REDACTED] believes that the extensive use of Iraqis provides the company with excellent intelligence; as according to [REDACTED], the Iraqis know when something is not right. Any information or intelligence that has been gathered is provided to the ROC or to the local units if the units were interested in receiving it. [REDACTED] said a U.S. SOF unit located in southern Iraq was always very happy to get any intelligence/information from the [REDACTED]. [REDACTED] felt that the information sharing between his employees and the U.S. military was very good.
8. Are there any interoperability issues between the [REDACTED] and the military?
- From a communications point of view there are interoperability issues because PSCs generally can't communicate with the military directly with radios. [REDACTED] said that his teams in the field have phone numbers of the local commanders and these are useful if a cell phone is working. Also, the ROC and the LMMC has improved communications. According to [REDACTED] they use transponders in their trucks which are tied into the LMMC.
- (2)

The PCO's ROC, Movement Coordination, and Communication

- (2)
1. Who is responsible for scheduling convoy and personnel movements? Is there any coordination of movements or activities with the U.S. or coalition military? How does the [REDACTED] ensure coordination with the military?
 2. What, if any, is the [REDACTED]'s relationship with the Project and Contracting Office's (PCO) Reconstruction Operation Center (ROC) and or Logistics Movement Coordination Center (LMCC)? What services offered by the PCO/ROC does the [REDACTED] use? What is the company's opinion of the services provided by the PCO/ROC?
 3. Does the [REDACTED] have access to other government run operations centers that provide different information than that provided by the ROC? What are the pros and cons of having more than one operation center available to PSCs?
 - No information provided
 4. How does the [REDACTED] view the success of the PCO and the ROC? How could the PCO and ROC be improved?
 - No information provided
 5. Has the [REDACTED] utilized the [REDACTED]'CO website? If so, how helpful is the website?
 - No information provided
 6. Does the [REDACTED] keep a database of its personnel and their movements in Iraq? What type of information is included in the database? Has the [REDACTED] shared this information with the ROC or any other U.S. or British government agency?
 - No information provided
 7. Does the [REDACTED] write after-action or incident reports? What types of reports regarding security do you issue to your clients? To the PCO's ROC? Are you required to provide after-action or incident reports to the military?
 - When the [REDACTED] teams have contact with the insurgents, it sends a report to the company's headquarters and contacts the military as soon as possible. It also provides reports to its clients.

Interaction with other Private Security Companies

- (2)
1. Does the [REDACTED] have interaction with other private security contractors? If so, please describe this interaction.

- (P)
- The [redacted] sometimes works with other PSCs and described their relationship with the PSCs as generally good. [redacted] mentioned that they had a very good relationship with the [redacted] lks in Iraq.
2. Is the Private Security Companies Association of Iraq (PSCAI) still intact and is your company actively involved in the group?
- The PSCAI is intact and the [redacted] is very active in it. The are currently acting as the President of the group [redacted]
3. Do you think that PSCAI has helped to convey contractor's issues to the Iraqi government?
- The PSCAI and its executive director, [redacted] help resolve issues with both the Iraq government and with the U.S. military. For example [redacted] is very involved with getting the Blue on Blue issue resolved.

Interaction with the Iraqi Government

1. Is the [redacted] registered with the Ministry of Interior and the Ministry of Trade in Iraq? What has your company's experience been with the Iraqi Government?
- [redacted] registered with both the MOI and MOT. Regarding the weapons cards that are about to expire, [redacted] noted that there have been other deadlines regarding weapons cards, and that the issues have always been resolved. He is not worried about the approaching deadline.

Employees

1. How many U.S. citizens work for the [redacted] in Iraq? If he [redacted] employs U.S. citizens in Iraq are any of them former U.S. military? If the company employs former U.S. military were these employees hired when they separated from military or did they work for other PSCs prior to joining the [redacted]. What are the employment arrangements for individuals working in Iraq for the [redacted]. Are they company employees or are they independent sub-contractors?
- At the current time [redacted] not employ any U.S. citizens. A [redacted] employees in Iraq are independent contractors and the international employees who come primarily from the UK, Frances, and South Africa, work 8 weeks in Iraq and then get 3 weeks out of Iraq. While they are out of Iraq they do not get paid.
2. Please provide us with the daily pay rates for employees working in Iraq.
- Rates not provided
- (P)

3. How does the [REDACTED] vet its employees?

- [REDACTED] depends on the local tribal leaders to vet its employees. To date they have been very pleased with the local Iraqis who work for them.

Legal Issues Related to Working in Iraq

1. What is the legal status of the [REDACTED] employees working in Iraq? Do you have any concerns regarding issues of immunity from Iraqi law?

- No answer provided

2. Are you aware of the Military Extraterritorial Jurisdiction Act (MEJA) and its possible ramifications for your employees (U.S. citizens and otherwise)? Did anyone provide you with information on MEJA? Do you have any concerns regarding MEJA or the application of other U.S. or international laws to your employees? Also, could you provide the following for your non-U.S. work force?

- [REDACTED] was not familiar with MEJA and wondered if it would have any impact on non-U.S. employees. He was unaware if anyone had provided [REDACTED] with a briefing on MEJA, but would check with [REDACTED] legal counsel.

- Number of non-U.S. citizens working for the [REDACTED] in Iraq?
 - None of the [REDACTED] employees are U.S. citizens
- Countries of origin of these employees
 - [REDACTED] hires Iraqis and also some western employees from France, the UK, and South Africa
- Number of employees from each country
 - Number not provided

3. Have any of your employees been accused of committing any crimes while in Iraq? If so, were the incidents investigated by either Iraqi or U.S. authorities? How did the [REDACTED] deal with the accusations? What, if any legal steps were taken relating to these accusations, and by whom?

- No one employed by [REDACTED] in Iraq has been accused of crimes; however some employees have been let go for misconduct.

4. Are employees of the [REDACTED] subject to British criminal laws for acts committed in Iraq?

- [REDACTED] said that British law did not apply in Iraq and his British employees were not subject to British law when they were in Iraq (he believed, but would check with counsel)

5. Are you aware of any PSC employees in Iraq being accused or involved with criminal incidents in Iraq? If so, please describe.
- Not asked

Concluding Questions

- (1)
1. How would you describe the security situation in Iraq? How has the security situation changed in Iraq since the [redacted] began working in Iraq?
 - [redacted] said the state of the security situation in Iraq is very hard to measure. While there may be fewer incidents, the insurgents still have a very clear capability to attack. The criminal activity is generally down in most parts of the country however, it is still quite high between the Jordanian border and Baghdad.
 2. What does [redacted] see as issues involving private security contractor activities in Iraq?
 3. In the company's view how the PSC/military relationship in Iraq could be improved?
 - [redacted] was very concerned that it appeared to him that U.S. troops have had no preparation or training on dealing with PSCs. [redacted] believes it would be very helpful if part of the pre-deployment training included information on PSCs.

Other Comments

- [redacted] also noted that there are no standard procedures for dealing with the U.S. military either at check points or when encountering a military convoy. Getting through checkpoints can be a nightmare depending on who is at the gate on any given day.
 - It is a difficult and time consuming process to get DOD access cards. Sometimes his employees have waited in line for 2 days before getting the cards. He felt that the U.S. military sometimes made getting the cards difficult because they could.
 - [redacted] purchased their weapons in Iraq. Tried to import weapons but it proved to be too difficult. They generally use AK-47s, pistols, RPKs, and machine guns. There are no weapons that they want to use that they can not use. [redacted] Iraqi employees are armed.
 - [redacted] also tries to coordinate its actions with the Iraqi Armed Forces as well as the local Iraqi police chief. [redacted] believes this is a necessary task as the Iraqis are now out front on more and more missions.
 - [redacted] does not sub out any of its work in Iraq.
- (1)

31.666)

Record of Interview

Title	Interview With [REDACTED]
Purpose	To obtain information re [REDACTED] work in Iraq
Contact Method	Face to Face
Contact Place	[REDACTED]
Contact Date	April 8, 2005
Participants	Steve Sternlieb Assistant Director, DCM Carole Coffey, AIC DCM

Comments/Remarks:

Company Description and Security Overview

1. What contracts does [REDACTED] have in Iraq?
 - For confidentiality reasons, [REDACTED] did not provide us with a complete list of the companies/organizations that employ them. However, they are employed by [REDACTED] such as [REDACTED]. They also provide security to the U.S. Treasury in Iraq as subcontractor.
2. What types of security (convoy, personal security, facilities) does [REDACTED] provide for contractors and government agencies in Iraq?
 - The representatives of [REDACTED] explained that they are risk management and consulting firm however; in Iraq provide the full range of security services to their clients to include personal security details, escort service etc. They generally do not provide convoy security but if a client needs such services they will subcontract the services and manage the subcontractor. For reconstruction contractors they will escort the clients to the work site, protect the work site and escort the clients back to their camp. While they generally do not provide static security they will provide guards if the security situation and the client require them.

Chain of Command and Military Interaction

1. Do any contracts require [REDACTED] employees to coordinate with the U.S. military? If contracts do require coordination, how does [REDACTED] or its employees coordinate with the U.S. military? Has [REDACTED] established any procedures for working with the military? Has the military established any procedures for working with PSCs that [REDACTED] is aware of?

- (P)
- [REDACTED] has found that coordinating with the military can be a mixed bag. Some U.S. units are very willing to establish a coordination relationship. Generally, when [REDACTED] area manager arrives in a part of Iraq, he will make an effort to meet with the commanders of the U.S. military in that part of the country. He will explain the company's mission, discuss operating procedures and try to obtain contact information for the unit. According to the [REDACTED] representative, some times the U.S. military commanders are very cooperative and very willing to coordinate. Other times, the commanders have no interest in meeting with the [REDACTED] representatives and have no interest in coordinating or working with PSCs. According to the [REDACTED] representative, the type of relationship depends on the personality of both the commander and the PSC representative. He noted that there was a great deal of PERSONAL coordination with the U.S. military when [REDACTED] provided security for the ICE program. Every time they moved currency they coordinated their routes with the military. The [REDACTED] representative said that they also got a lot of security assistance from the military. For example, the military would provide "top cover" (air escorts) and military patrols would go out before the money moved and clear the roads they would have military escorts.
2. Has [REDACTED] its employees ever requested military aid or backup? If so, please explain the incident and its consequences. What was your opinion of the assistance provided to you by the military?
- The military provided QRF assistance on several occasions, particularly during the ICE program. In addition, we have received medical assistance from the U.S. military which been excellent. In response to my question, the [REDACTED] representative said that it did not matter the nationality of the employee or on what contract he or she may be working on when medical assistance was needed it was always provided.

The PCO's ROC, Movement Coordination, and Communication

1. How does [REDACTED] view the success of the PCO and the ROC? How could the PCO and ROC be improved?
 - The ROC has not had much of an impact on large security operations like [REDACTED] but have proved very helpful to smaller companies. [REDACTED] uses the ROC to obtain information on the BIAP road.
2. Has [REDACTED] utilized the [REDACTED] GO website? If so, how helpful is the website?
 - [REDACTED] representatives expressed some concerns about the currency of the data on the web site as well as the accuracy.

Interaction with other Private Security Companies

- (e) 1. Does [redacted] have interaction with other private security contractors? If so, please describe this interaction.
- [redacted] little interaction with other PSCs in Iraq.

Interaction with the Iraqi Government

1. Is [redacted] registered with the Ministry of Interior and the Ministry of Trade in Iraq? What has your company's experience been with the Iraqi Government?
- [redacted] as registered with the MOT and MOT. Also [redacted] a contract with the Iraqi government to provide security for BIAP and has had some problems getting paid by the Iraqi government.

Employees

1. How many U.S. citizens work for [redacted] in Iraq? [redacted] Group employs U.S. citizens in Iraq are any of them former U.S. military? If the company employs former U.S. military were these employees hired when they separated from military or did they work for other PSCs prior to joining [redacted] Group? Olive? CRG?
- [redacted] 19 U.S. citizen employees presently; their western ex-pats generally come from former commonwealth countries (South Africa, Australia,) and from Britain. Their 3rd country nationals (TCNS) come from Nepal, Fiji, and Sri Lanka. Also, we hire Iraqis as well
2. What are the employment arrangements for individuals working in Iraq for [redacted] are they company employees or are they independent sub-contractors?

(e) [redacted]
[redacted]
[redacted]

Legal Issues Related to Working in Iraq

1. What is the legal status of [redacted] employees working in Iraq? Do you have any concerns regarding issues of immunity from Iraqi law?
- [redacted] did that [redacted] as some concerns regarding immunity from prosecution should something happen while their employees were acting within the scope of the contract. For example, if someone died in a traffic accident. They are very uncomfortable regarding the immunity issue and believe it needs to be resolved now.
2. Are you aware of the Military Extraterritorial Jurisdiction Act (MEJA) and its possible ramifications for your employees (U.S. citizens and otherwise)? Did anyone provide you

with information on MEJA? Do you have any concerns regarding MEJA or the application of other U.S. or international laws to your employees?

- [redacted] was unaware of MEJA and had not received a briefing on it from their DOD contracting officer.

3. Have any of your employees been accused of committing any crimes while in Iraq? If so, were the incidents investigated by either Iraqi or U.S. authorities? How did [redacted] deal with the accusations? What, if any legal steps were taken relating to these accusations, and by whom?

- No one employed by [redacted] has been accused of committing any serious crime while in Iraq. However, [redacted] said that the company is not sure who would have jurisdiction if a crime was committed.

Record of Interview

Aegia

Title	Record of Interview with [REDACTED]
Purpose	To obtain an understanding of PSCs in Iraq and particularly [REDACTED] in its role as ROC operator
Contact Method	Face to Face
Contact Place	[REDACTED]
Contact Date	April 11, 2005
Participants	[REDACTED] From GAO Steve Sternlieb, DCM AD Carole Coffey, AIC 202-512-5876

Comments/Remarks:

Company Description and Security Overview

1. What contracts does [REDACTED] have in Iraq?

- [REDACTED] as a contract with the PCO to provide [REDACTED] for the ROC. It also has a contract to [REDACTED] been in business for about [REDACTED] as a sub-contract with a U.S. firm - [REDACTED] which provides any U.S. employee [REDACTED] ght need.

2. What types of security or security services (convoy, personal security, facilities) does [REDACTED] provide for contractors and government agencies in Iraq?

- [REDACTED] provides all of the above services as well as security management. However, the most important aspect of their work in Iraq is the management of the Reconstruction Operations Center (ROC) and Regional ROCS.

Chain of Command and Military Interaction

1. The section H-4 clauses in the contract require [REDACTED] employees comply with orders of MNFI relating to health, safety, force protection and non-interference in military operations. What is the impact of this clause in your opinion? For example, does this clause place you under the command and control of MNFI? To the best of your knowledge has this clause come into play in Iraq?

- (F)
- [REDACTED] did that the clause was confusing because of the complicated nature of the contractual relationship between the PCO, the State Department, and MNFI. Even though the contract was written and awarded by the Army, and the PCO is part of the Army, the civilian members of the PCO are under the security protection of the Chief of Mission and as such [REDACTED] res direction from the Embassy's Regional Security Officer (RSO) when providing security for the PCO's employees. For example, according to

(+) [redacted], the RSO recently increased the number of cars needed when employees, who fall under the force protection responsibility of the COM and the RSO, travel around Iraq. According to [redacted] RSO decided that convoys would now consist of 3 cars, instead of 2 which had been the policy. I [redacted] told us that they were required to comply with the RSO instructions even though the contract was not awarded by the State Department and the [redacted] es not provide security for State Department personnel. [redacted] said this change resulted in some PCO movements being cancelled. Also, [redacted] wondered who would financially responsible for paying for the additional vehicles necessary to meet the RSO requirements. Also, the PCO is not under the command of the MNFI commander or the CENTCOM commander so if the commander's orders and the orders of the PCO and or the State Department were in conflict they would have to follow either the PCO or the State Department. However, in reality, if the MNFI commander (or his representative) told [redacted] to travel down a road, or stay out of a mosque they would do it because they don't want to put themselves or their clients in danger.

2. Section H-4 also requires that your employees comply with applicable DOD and service rules, regulations, general orders etc. Did the contracting officer provide you with a list of applicable rules, regulations, general orders, etc? If they did could you provide us with a copy and if they did not please explain how you are complying with this contract clause.

{ The military did not provide any DOD rules, regulations, etc. and the representatives from [redacted] were unaware of CENTCOM General Order 1A. }

3. Do any contracts require [redacted] or its employees to coordinate with MNFI or coalition forces? If contracts do require coordination, how does [redacted] or its employees coordinate with the U.S. military? Has [redacted] established any procedures for working with the military? Has the military established any procedures for working with PSCs that [redacted] is aware of?

- [redacted] contract with the PCO requires that they coordinate with the military and they do on a daily basis. Actually, coordinating with the military [redacted] primary responsibility under their contract.

4. Has [redacted] or its employees ever requested military aid or backup? If so, please explain the incident and its consequences. What was your opinion of the assistance provided to you by the military?

- [redacted] as had to call for assistance a number of times. Based on the companies experience with the ROC they have found that generally contractors are calling for medical assistance instead of a Quick Reaction Force because incidents with insurgents are usually over within a matter of minutes. That being said however, no one could remember a time (since June 2004) that a request for assistance did not get the help they have needed.

5. Have [redacted] employees ever provided aid or backup to the military? If so, please explain.

- (2)
- No answer provided
6. Has [redacted] noticed any differences in dealing/coordinating with the Marines or coalition military as opposed to the Army?
- There has been no difference. One of the RROC is located with the Marines and they have been very cooperative.
7. Has [redacted] suffered any friendly fire incidents with the military or other contractors? Please describe the circumstances around these incidents and any actions the company may have taken to prevent such incidents in the future. To whom are these incidents reported? If these incidents are reported in writing would you make them available to us?
8. Have [redacted] employees discharged small arms or other weapons in performance of its contract(s) in Iraq? If so, does [redacted] produce a report of these incidents? If these incidents are reported in writing would you make them available to us?
- [redacted] representatives did not say whether or its employees had discharged their weapons, but they noted that reports of PSCs firing warning shots have been filed with the ROC and are available on line.
9. Has [redacted] developed its own intelligence/information gathering capability? If yes, to what extent has this intelligence/information been shared with the military? Also, does the military provide intelligence and security information to [redacted]?
- Because of the ROC, [redacted] not developed its own information/intelligence gathering capability. However, if it should receive some information, it would be passed on to the military through the ROC. In addition see question 5 below
10. Are there any interoperability issues between [redacted] and the military?
- Communications continues to be a problem because the military and contractors do not use compatible radios and other forms of communication in Iraq are inconsistent. Most PSCs, including [redacted] have cell phone numbers for the units in Iraq so the companies can call the military if the need to and if the phones are working.

still using
cell
phones!!!

The PCO's ROC, Movement Coordination, and Communication

- (2)
1. Please explain [redacted] role as the ROC contractor. Please provide details on your specific responsibilities.
- [redacted] provided us with a document that explains the ROC and its operation. According to [redacted] the company is a facilitator. It can not direct the military nor can it direct

other security contractors in Iraq. It can not make people participate in the ROC although [redacted] said he does not understand why everyone does not use the ROC since it's available to all contractors NGOs, government agencies at no cost.

2. How would you assess the cooperation between MNFI and the MSCs and the PCO/ROC particularly in the regional centers? Has the rotation of forces caused any problems for the ROC operations?

- The cooperation between the ROC and the MSCs is good. The RROCs are located with the MSCs and this has helped to improve coordination between the PSCs and the local military units. In addition, MNFI is issuing a FRAGO on the ROC shortly which should further clarify responsibilities and strengthen the coordination between the combat forces and the PCO. (Note: Per [redacted] the FRAGO has not been issued and will be classified. He agreed to send us a copy as soon as it is released.) The rotations have not caused any problems; in fact the military units now look to the RROCs as the institutional memory.

3. What services are provided by the ROC and how would a PSC or other contractor request such services? For example, how would a contractor request a QRF?

- ROC:
The ROC provides intelligence information and briefings, acts as the 911 for contractors who need assistance for example medical assistance or a QRF, and provides communication interface between the maneuver divisions and the contractors. Contractors who need assistance contact either the ROC or the regional ROCs and ROC personnel contact the closest military unit and ask them to provide assistance. Assistance, such as a quick reaction force or medical assistance is provided if military assets are available. Furthermore, communications with the military can be difficult in Iraq because of lack of radio interoperability between the military and contractors. The ROC facilitates communications between the military. First, the ROC provides contact numbers for the military to private security providers to use when they are moving around Iraq. Second, the ROC will ensure that the military is aware of contractor movements. Security providers, who choose to, can provide the ROC with information on convoy movements which the ROC will forward to the appropriate military commands. Third, the ROC can contact the military to provide assistance to contractors, and finally, the ROC can track convoys through a real-time tracking system which uses the global positioning system and includes a communications link with the ROC if assistance is need.
- [redacted] stressed that PSCs are urged to work through the nearest RROCs. There is no need for a PSC to contact the national ROC if the PSC can contact the RROCs. The RROCs are doing most the facilitating between the military and the PSCs when it comes to coordinating routes etc. A PSC might contact the national ROC if he intended to move from one end of Iraq to another because it would be easier for the national ROC to advise all of the necessary military units of the move.

4. What is [redacted] role in scheduling and monitoring convoy movements?

- [redacted] is not involved in scheduling convoy movements however they do track them. The LMCC (which is part of the PCO but not part of the ROC) schedules the movements of convoys and tracks them as well. The LMCC is run by [redacted]. It is not located with the ROC but they do communicate. The ROC tracks convoy movements if the convoy is equipped with a transponder that works with the Tapestry system. Tapestry is the civilian version of "Blue Force Tracker". It is a real real-time tracking system which uses the global positioning system and includes a communications link with the ROC. To encourage participation in the ROC and the LMCC the PCO has purchased a number of transponders (about 200) to give to contractors. In addition, many contractors have purchased their own transponders that work with Tapestry. The military can track contractor convoy movements on "Blue Force Tracker" but the ROC can not see the military on Tapestry.
- Recently there was an incident when a contractor was in trouble and instead of hitting the panic button on the transponder, they contacted the LMCC. The LMCC had to call the ROC (because they are not co-located) and the ROC had to call the appropriate division for assistance. In some instances every second counts so it would be good if the LMCC was co-located with the ROC.

5. What role does [redacted] and the ROC play in providing intelligence and security information to PSCs and contractors?

- The ROC serves as a conduit for intelligence information. The military sanitizes the intelligence information and provides it to [redacted] who uses it to prepare the daily intelligence summary which is posted on the website. In addition, the ROC hosts a daily intelligence briefing which highlights current intelligence information. In addition, ROC users can call the ROC and get intelligence info over the phone for specific routes etc. [redacted] just recently received access to the SPIRnet which will improve intelligence sharing. According to [redacted] [redacted] has several U.S. employees that have secret or top secret clearance and these folks will be able to use the SPIRnet.

6. To what extent are the ROC's services being utilized by other contractors?

- The ROC's services are being used by a large number of contractors (about 75 to 80 percent is the guess) however using the ROC is voluntary and there are some parties that prefer not to be involved. Also, no records of who uses the ROC are kept so it's impossible to know exact numbers. According to [redacted] some contractors use all of the ROC's services while other contractors avail themselves of just a few. Every day, ROC personnel see convoys moving along the Tapestry Map and have no idea who these people may be. [redacted] said that the services of the ROC are available to all contractors, NGOs, etc at no-cost so it does not make sense that people don't participate. However, he said that some agencies such as USAID don't get too involved with the ROC because their contractors may use the ROC frequently. Also, [redacted] and [redacted]

(2) are not required to use the ROC by State and generally, do not use the national ROC but do use the regional ROCs on occasion. (According to [redacted] folks we talked to the do not use the ROC because they get the same information from the Embassy Operations Center. Also, it is the RSO's responsibility to coordinate State Department movement with the military so [redacted] does not need to use the ROC to coordinate there movements with MNF-I.)

- Also, the Iraqi security adviser has indicated that he would like to have someone sit in the ROC.

7. In your view how can the ROC operations be improved?

- While many contractors use the ROC, the ROCs value could be improved if all contractors were required to use the ROC. If all participated then there would be a true common operating picture in Iraq.
- Regarding reducing the incidents of blue on blue violence the ROC/PCO should be involved in developing procedures for approaching checkpoints and passing convoys: MNFI and MNFC have provided some oral instructions regarding dealing with checkpoints and convoys but nothing in writing. The contractors all use various forms of identification however nothing is official. Most popular means of identification is a U.S. Or U.K flag [redacted] noted that friendly fire incidents spike during the rotation of troops.
- Training should be provided to the incoming units about the ROC and the RROCS. No one from the ROC briefs the incoming units. A briefing would be helpful.

(f) **Interaction with other Private Security Companies**

1. Does [redacted] have interaction (separate from its interactions via the ROC) with other private security contractors? If so, please describe this interaction.

- (f) [redacted] has been doing more and more work for the Gulf Regional Division of the Army Corps of Engineers at the request of the Corps. [redacted] thought it was because the Corps was becoming more involved with the PCO regarding the management of reconstruction contracts. Corps has their own security contractor [redacted].
- (f) [redacted] did not offer an opinion as to why the Corps was not using their own contractor. At this point [redacted] has not received any funding from the Corps.

2. Is the Private Security Companies Association of Iraq (PSCAI) still intact and is your company actively involved in the group?

- (f) [redacted] did believe the organization had outlived its usefulness.

3. Do you think that PSCAI has helped to convey contractor's issues to the Iraqi government?

- No answer provided

(f) **Interaction with the Iraqi Government**

1. ██████████ gistered with the Ministry of Interior and the Ministry of Trade in Iraq? What has

1. [REDACTED] registered with the Ministry of Interior and the Ministry of Trade in Iraq? What has your company's experience been with the Iraqi Government?

- The company is fully registered with the MOT and MOI. The company looks forward to working with the Iraq security forces as they begin to take on more responsibility.

Employees

1. How many U.S. citizens work for [REDACTED] in Iraq? [REDACTED] employs U.S. citizens in Iraq are any of them former U.S. military? If the company employs former U.S. military were these employees hired when they separated from military or did they work for other PSCs prior to joining [REDACTED]?

- [REDACTED] has only a handful of U.S. employees working for them. They were hired because the contract requires that some contractors that work in the ROC hold U.S. security clearances so they can deal with classified information.

2. What are the employment arrangements for individuals working in Iraq for [REDACTED]? Are they company employees or are they independent sub-contractors?

- About 99 percent [REDACTED] employees working in Iraq are actually subcontractors to Western employees sign a 1 year contract and they get 90 days paid leave. The [REDACTED] employees get paid the same rate inside or outside of Iraq.

3. Please provide us with the daily pay rates for employees working in Iraq.

- Answer not provided

4. How does [REDACTED] treat its employees?

- Vetting of Iraqis is very difficult because of the lack of records etc. The State department now vets the Iraqi employees that [REDACTED] hires. For commonwealth employees a counter terrorism check is run by the government.

Legal Issues Related to Working in Iraq

1. What is the legal status of [REDACTED] employees working in Iraq? Do you have any concerns regarding issues of immunity from Iraqi law?

2. Are you aware of the Military Extraterritorial Jurisdiction Act (MEJA) and its possible ramifications for your employees (U.S. citizens and otherwise)? Did anyone provide you with information on MEJA? Do you have any concerns regarding MEJA or the application of other U.S. or international laws to your employees? Also, could you provide the following for your non-U.S. work force?

- (e)
- No one briefed █████ on MEJA
 - a. Number of non-U.S. citizens working for █████ in Iraq – Not provided
 - b. Countries of origin of these employees – Not provided
 - c. Number of employees from each country – Not provided

3. Have any of your employees been accused of committing any crimes while in Iraq? If so, were the incidents investigated by either Iraqi or U.S. authorities? How did █████ deal with the accusations? What, if any legal steps were taken relating to these accusations, and by whom?

- None of █████ employees have been accused of a serious or major crime but there have been about 1/2 dozen discipline cases.

4. Are employees of █████ subject to British criminal laws for acts committed in Iraq?

- No answer provided

5. Are you aware of any PSC employees in Iraq being accused or involved with criminal incidents in Iraq? If so, please describe.

- No answer provided

Concluding Questions

1. How would you describe the security situation in Iraq? How has the security situation changed in Iraq since █████ began working in Iraq?

- (f)
- According to █████ the security situation has turned the corner. We are at the beginning of the end. Intel flow from Iraqis has improved.

2. In the company's view how could the PSC/military relationship in Iraq be improved?

- (g)
- The government could set up an armory and provide weapons GFE. The weapons become government owned property at the time of the purchase anyway so having the government supply the weapons could result in a cost savings, plus the contractors would not have to deal with import/export licensing. Also, the company would like to draw Ammo from the central ammo supply point. This could also save money as well as improve control of the ammo.

Record of Interview

Title	Record of Interview with representatives of [REDACTED]
Purpose	To obtain information on working as a PSC in Iraq
Contact Method	Face to Face
Contact Place	[REDACTED]
Contact Date	April 12, 2005
Participants	GAO Steve Sternlieb AD DCM 202 512-4534 Carole Coffey AIC DCM 202 512-5876

Comments/Remarks:

Company Description and Security Overview

1. What contracts does [REDACTED] have in Iraq?

- [REDACTED] had the contract for [REDACTED] contract to provide [REDACTED]. The contract was with the U.S. military Task Force Olympia [REDACTED] no longer has this contract. Also the company had a contract with the CPA to provide some security within the green zone and provided security to [REDACTED]. Currently the company has the [REDACTED].

[REDACTED] as the contract to provide [REDACTED]. In addition, they have an on call service – people coming into Iraq can call and can be provided security on a short term basis.

2. What types of security (convoy, personal security, facilities) does [REDACTED] provide for contractors and government agencies in Iraq?

- The company provides all of the above services as well as security management and advice. In the way of facilities security, they provide security for housing areas as well as work sites. They also provide security for convoys as they make their way into Iraq or as the convoys move through Iraq.

Chain of Command and Military Interaction

1. How does [REDACTED] and its employees coordinate with the U.S. military? Has [REDACTED] established any procedures for working with the military? Has the military established any procedures for working with PSCs that [REDACTED] are of?

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- has established procedures to be used at military checkpoints and when encountering U.S. military convoys. A representative noted that the PSCs have tried to develop some common procedures for dealing with the military at checkpoints or when they meet convoys however the procedures have not been accepted by MNFI. So as a result each company has established their own procedures and practices.

2. Has or its employees ever requested military aid or backup? If so, please explain the incident and its consequences. What was your opinion of the assistance provided to you by the military?

- has never a requested a QRF from the U.S. military but did request assistance from the one of the coalition partners and the assistance was never received. indicated that they frequently receive medical assistance from the U.S. military and it is always first rate. The medical assistance is rendered without regard for contract or nationality of the contractor.

3. Have employees ever provided aid or backup to the military? If so, please explain.

- No

4. Has noticed any differences in dealing/coordinating with the Marines or coalition military as opposed to the Army?

- Each unit whether they are Marines or Army units have slight differences in procedures, although all of the procedures are basically the same.

5. Has suffered any friendly fire incidents with the military or other contractors? Please describe the circumstances around these incidents and any actions the company may have taken to prevent such incidents in the future. To whom are these incidents reported? If these incidents are reported in writing would you make them available to us?

- has not been involved in any friendly fire incidents in Iraq. (Auditor's note: does not consider the firing of warning shots by U.S. military as a friendly fire incident. Warning shots have been fired but has never had a vehicle damaged or a client or employee injured by U.S. troops so they do not consider that they have been involved in friendly fire.

6. Have employees discharged small arms or other weapons in performance of contract(s) in Iraq? If so, does produce a report of these incidents? If these incidents are reported in writing would you make them available to us?

- According to there was only one incident when their employees had to fire their weapons and that was in al-Kut. As it was explained, the philosophy of is not to fight but to flee, to get their clients out of a dangerous situation as quickly as possible. Their vehicles are designed to withstand gun fire and they can run on flat tires, so there is really very little need to exchange fire with the insurgents.

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Slide
(8)

7. Has [redacted] developed its own intelligence/information gathering capability? If yes, to what extent has this intelligence/information been shared with the military? Also, does the military provide intelligence and security information to [redacted]
- Information gathering is a core business for [redacted] so they have developed a robust intelligence/information gathering capability which they share with the military and with other PSCs when appropriate.
 - Intelligence is provided by the ROC and the representatives of [redacted] believe that the information being provided by the ROC has improved over the past few months. [redacted] will use this information when they are planning movements around the country and when they are going into a new area.

ROC
improvement

8. Are there any interoperability issues between [redacted] and the military?
- Yes, because PSCs and the military can not communicate over radios. However, when [redacted] wants to contract the military they call the ROC and the ROC contacts the appropriate military unit. They believe that this communications system works fairly well. Also, they have cell phones which may or may not work and satellite which can be used. If they have the necessary numbers etc they can call the military units directly. [redacted] in-country teams try to get to know the local commanders in areas they are working so that if they require assistance or support they can contact the appropriate people directly. The informal personal contacts and networks were particularly important before the ROC was stood up and provided a central point of contact for all PSCs.

→ Vuono said this too...

The PCO's ROC, Movement Coordination, and Communication

1. Who is responsible for scheduling convoy and personnel movements? Is there any coordination of movements or activities with the U.S. or coalition military? How does [redacted] ensure coordination with the military?
 - No answer provided
2. What, if any, is [redacted] relationship with the Project and Contracting Office's (PCO) Reconstruction Operation Center (ROC) and or Logistics Movement Coordination Center (LMCC)? What services offered by the PCO/ROC does [redacted] use? What is the company's opinion of the services provided by the PCO/ROC?
3. Does [redacted] have access to other government run operations centers that provide different information than that provided by the ROC? What are the pros and cons of having more than one operation center available to PSCs?
 - No answer provided
4. How does [redacted] view the success of the PCO and the ROC? How could the PCO and ROC be improved?

- (2)
- [redacted] believes the ROC has been a good addition and it provides a vital service when they need information for route planning etc. As was noted above, the ROC has improved communications between the military and the PSCs and [redacted] routinely advises the ROC when it is moving about the country

5. Has [redacted] utilized the Aegis/PCO website? If so, how helpful is the website?

- No answer provided

6. Does [redacted] keep a database of its personnel and their movements in Iraq? What type of information is included in the database? Has [redacted] shared this information with anyone at the embassy or the military? With the ROC?

- No answer provided

7. Does [redacted] write after-action or incident reports? What types of reports regarding security do you issue to your clients? To the PCO's ROC? Are you required to provide after-action or incident reports to the military?

- [redacted] does detailed reports of all incidents including traffic accidents, office accidents, and incidents with insurgents, etc. Some reports such as those which document encounters with insurgents are provided to the ROC.

Interaction with other Private Security Companies

1. Does [redacted] have interaction with other private security contractors? If so, please describe this interaction.

- [redacted] there is some interaction with other PSCs. For example, [redacted] will share security information with other PSCs if they involved in incidents or come under a new type of attack which might suggest that the insurgents have developed a new MO.

2. Is the Private Security Companies Association of Iraq (PSCAI) still intact and is your company actively involved in the group?

- Yes, [redacted] helps fund the PSCAI and [redacted] considers a good forum to get competitors together to talk on an open basis.

3. Do you think that PSCAI has helped to convey contractor's issues to the Iraqi government?

- No answer provided

(2)

Interaction with the Iraqi Government

1. Is [redacted] registered with the Ministry of Interior and the Ministry of Trade in Iraq? What has your company's experience been with the Iraqi Government?

- [redacted] is registered with both the Ministry of Interior and the Ministry of Trade. It took about 9 months to complete the process.

Employees

1. How many U.S. citizens work for [redacted] in Iraq? If [redacted] employs U.S. citizens in Iraq are any of them former U.S. military? If the company employs former U.S. military were these employees hired when they separated from military or did they work for other PSCs prior to joining [redacted]
 - Currently there is 1 U.S. citizen working in Iraq for [redacted]
2. What are the employment arrangements for individuals working in Iraq for [redacted] Are they company employees or are they independent sub-contractors?
 - Most of [redacted] employees in Iraq are independent subcontractors under short term contracts and are deemed to be self-employed. This makes terminating easier if they do not meet standards. [redacted] depending on the contract and the nationality of the employees. Employees are only paid when they are in Iraq. Generally employees work 6 weeks in Iraq and then are out of Iraq for about 3 weeks. [redacted] does not have a problem with other firms poaching their employees because of the "duty of care" they provide.
3. Please provide us with the daily pay rates for employees working in Iraq.
 - See above
4. How does [redacted] vet its employees?
 - Western employees such as those from the UK, New Zealand, Australia and the US are vetted using all publicly available sources. In Iraq, Iraq employees are vetted by the private security companies that provide the personnel to [redacted]. The Iraq company claims to have a vetting process and [redacted] trusts the companies to provide qualified people, however, it has taken over a year to develop this level of trust.

Legal Issues Related to Working in Iraq

1. What is the legal status of [redacted] employees working in Iraq? Do you have any concerns regarding issues of immunity from Iraqi law?

- (2)
- [redacted] employees are still functioning under the immunity granted in the CPA's orders and memos. [redacted] did not indicate that it had any concerns regarding immunity issues.

2. Are you aware of the Military Extraterritorial Jurisdiction Act (MEJA) and its possible ramifications for your employees (U.S. citizens and otherwise)? Did anyone provide you with information on MEJA? Do you have any concerns regarding MEJA or the application of other U.S. or international laws to your employees? Also, could you provide the following for your non-U.S. work force?

1. Number of non-U.S. citizens working for [redacted] in Iraq
 - [redacted] as between 450 and 500 persons working in Iraq and only 1 is a U.S. citizen.
2. Countries of origin of these employees
 - Not provided
3. Number of employees from each country
 - Not provided

3. Have any of your employees been accused of committing any crimes while in Iraq? If so, were the incidents investigated by either Iraqi or U.S. authorities? How did [redacted] deal with the accusations? What, if any legal steps were taken relating to these accusations, and by whom?

- No employees have been accused of any crimes

4. Are employees of [redacted] subject to British criminal laws for acts committed in Iraq?

- British employees in Iraq are not subject to British law. There was some discussion in Parliament about passing a MEJA like statute but nothing has come of it.

5. Are you aware of any PSC employees in Iraq being accused or involved with criminal incidents in Iraq? If so, please describe.

- No

Concluding Questions

1. How would you describe the security situation in Iraq? How has the security situation changed in Iraq since [redacted] began working in Iraq?
 - In the last few months there has been a slight decline in incidents in some areas but several other areas are getting worse such as Mousel and Kir Kut.
2. What does [redacted] see as issues involving private security contractor activities in Iraq?

3. In the company's view how could the PSC/military relationship in Iraq be improved?

- Continue to improve communications between the military and the PSCs
- Have PSCs provide input to the pre-deployment training. [redacted] believes that the U.S. military needs a better understanding of why PSCs are in Iraq and the types of services they are providing to both governmental and non-governmental entities.
- State in writing what the military will and will not do for PSCs. Now it is up to each unit commander.

Additional Questions

1. Did any of your contracts require your employees to comply with orders of MNFI relating to health, safety, force protection and non-interference in military operations? What is the impact of this clause in your opinion? For example, does this clause place your employees under the command and control of MNFI? To the best of your knowledge has this clause come into play in Iraq?

- None of [redacted] contracts have a clause which requires them to comply with orders from MNFI commanders. [redacted] would not allow employees to be under the command of the military. [redacted] concern is that the military may ask them to take on a role that would be outside their normal business practices and might make their insurance invalid for example. This being said, the company will all ways try to comply with directions that help promote the safety of their clients and their personnel. (Auditor's note:

[redacted]

[redacted]

[redacted]

[redacted]

(2)

(2)

(2)

Record of Interview

Title	Interview with representatives [REDACTED]
Purpose	Obtain info on pre-deployment training
Contact Method	phone
Contact Place	N/A
Contact Date	April 26, 2005
Participants	Carole Coffey, GAO 202-512-5876 [REDACTED] [REDACTED] [REDACTED]

Comments/Remarks:

I contacted [REDACTED] determine if the Iraq pre-deployment training included a segment on private security contractors in Iraq. I contacted the [REDACTED] because we had been told that they were going to be rotating back to Iraq. [REDACTED] made the following comments

1. The division has not been notified as to whether or not it will be returning to Iraq. While the division still has some folks in Iraq, those that deployed for the Jan 30 election return in the late March time frame and are on block leave. The Division headquarters deployed to Iraq in mid-2003 and return to [REDACTED] in the fall of 2004. Prior to leaving in 2003 they received no guidance or training regarding PSCs.
2. The division always has a brigade ready to deploy with hours. According to the Major, there this brigade has not received any training on working with PSCs or the PCO or ROC.
3. According to [REDACTED], who served as a battle captain for one of the division's brigades, his unit did not know that there were PSCs in the battle space until the PSCs began to contact them for assistance. He described the coordination between the PSCs and his unit as non-existent.
4. The Captain thought that coordination should work through MNF-I as it did for the Iraqi Survey Group. The Command would issue a frago and the unit would provide assistance for the survey group as directed by in the frago.
5. [REDACTED] d that it would be helpful to have more information about who was in the battlespace and the Captain said that the PSCs needed to let the military know when they would be in their area and give the units as much notice as possible.
6. The division has talked about the complex battlefield in terms of NGOs and coalition forces but they have not discussed PSCs, specifically.

Questions Regarding Private Security Contractors

(b) Command and Control of Private Security Contractors

Our current understanding is that the military services directly contract for security of military facilities, that some DOD contractors may contract for security for their personnel, and that civilian government agencies and their prime contractors contract for security in Iraq and possibly elsewhere. While it is our understanding that the [REDACTED] did not contract for security of military facilities in Iraq, we also understand that the [REDACTED] may have come in contact with private security contractors frequently while in Iraq. That is the context for the following questions.

(c) Background: I served as the Operations Officer for the [REDACTED], the Squadron's mission was to provide security escort to the Coalition Provisional Authority in Baghdad Iraq. The Squadron conducted over 5500 escort missions for CPA. Numerous missions involved interaction with [REDACTED] security personnel. From APR 04 to JUL 04 the Squadron conducted operations in Ad Diwaniya, Iraq. While in Ad Diwaniya the Squadron occupied Camp Wolfpack (formerly camp Foxtrot). This camp was occupied by the Squadron as well as a small contingent of CPA employees with their assigned security contractors from [REDACTED] security. I currently serve as Regimental XO.

1. What guidance did CENCTOM or CJTF-7 issue for dealing with the private security contractors? Did the guidance differentiate between contractors providing security for U.S. government agencies and those providing security for contractors? Did the [REDACTED] develop any policies or guidance? If any policies or guidance were provided or developed please provide us with a copy.

I do not recall any guidance from CETCOM or CJTF-7 for dealing with security contractors. The Regiment did not publish any specific guidance in dealing with contractors. At the Squadron level we coordinated our activities with the security contractors to ensure the safety and security requirements of our operations were met.

2. What is the command and control relationship between military commanders and subcontractors that provide security to DOD contractors? What authority do the military chains of command have over private security contractor personnel and how is that authority exercised?

I am not aware of any formal C2 relationship between security contractors. The Squadron Commander executed his command authority over his area of responsibility. Policies and standards for operations and conduct were published for our soldiers and were expected to be adhered to by contractors operating in our battle space. The XO or I met with contractors daily to discuss operations. We all had a common understanding of our mission and worked together to achieve success. If there was a problem, it was

NO KNOWLEDGE
OF DOCTRINE/
GUIDANCE
for
working
w/PSCs.

addressed to the appropriate level of supervision at the CPA headquarters or in Diwaniya with the CPA Chief. Ultimately, the military commander retained authority for all operations. If security contractors wanted to conduct missions that would compromise security or endanger lives, the Commander would strongly advise against it or flat out cancel it. Military Commanders had no disciplinary oversight over contractors.

*milit. commander
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discipline
PSCs
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forces
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3. What is the command and control relationship between military commanders and firms that are contracted by the U.S. Government to provide security for State Department, USAID, or other government personnel and facilities in Iraq? What authority do the military chains of command have over private security contractor personnel and how is that authority exercised?

Again, I am not sure of the official C2 relationship that existed between contractors and the military. Commanders do not have authority over contractors, but do establish credible relationships based on experience and a common mission. The vast majority of the contractors I dealt with were extremely professional and had a great deal of military experience. 95% of the time we worked together there were no issues. In most instances of this relationship, we provided additional security (outer and inner cordon) for high profile officials. When refining plans and operations to protect these people, the Squadron was ultimately responsible for the security of the VIP. Contractors provided the inner cordon of security and coordinated routes and activities of the VIP.

4. What is the command and control relationship between military commanders and the private security contractors who are providing security to contractors who have been awarded contracts by US government civilian agencies to rebuild Iraq? What authority do the military chains of command have over private security contractors and their personnel and how is that authority exercised?

We did not deal with these security firms. *~i.e., subcontractors providing security for other companies/contractors*

Interaction Between Private Security Contractors and US and Coalition Military Forces

1. Can private security contractor personnel call on U.S. military commanders for support in case of trouble? What procedures are currently in place for private security contractors to call upon military commanders for help?

I do not know the legal answer to this question. I know that anyone in the battle space we controlled that was in trouble got the help they needed. On numerous occasions we provided support to CPA contractors who were in trouble. We had established relationships with these organizations that knew how to contact us at our operations center by cell phone or by coming to the TOC. Ultimately, the Commander made the decision to provide any assistance.

very ad hoc

2. What responsibility, if any, do military commanders have to defend, rescue, or search for missing private security contractor personnel, if they are (a) United States citizens or (b) foreign nationals?

I believe Commanders have the responsibility to safeguard personnel who are engaged in the business of building a safe and secure environment in Iraq. On several occasions we went to the assistance of contractors, both military and others, who were in imminent danger from a hostile threat in our battle space.

3. What efforts have been made to promote interoperability between private security contractors and U.S. and coalition military forces?

I do not know of any besides fostering a professional relationship based on the common goal of providing security for contractors and then CPA personnel in Iraq.

4. What interoperability exists between the communications equipment of military units and private security contractors? If there is no interoperability or the extent of interoperability is unknown, what plans, if any, are there to establish or improve interoperability?

There was no commonality in communications between military and private contract services. Even among different contractors there were different communication systems. The only common link was by cell phone. Our Squadron never had the assets to loan such systems to contract security personnel. Doing so may also compromise the security of US forces. When we had to work together or needed a shared communication network, the contractor would loan us some of their radios.

5. What mechanisms are there for intelligence sharing between private security contractors and United States or coalition troops?

We would share limited intelligence with private contract services. Most of the information we provided pertained to route security, recent attacks, emerging tactics, techniques and procedures the enemy was using and the current enemy situation in our battle space. Information concerning targeting of insurgents and information concerning operations we were conducting was not shared. The contractors provided us another source of information with their internal contacts on numerous occasions that helped in developing our targeting.

6. To what extent do private security contractors share their intelligence information with United States and coalition troops?

Again, we established a very professional relationship based on mutual trust and a common mission. They knew we gave them as much information as possible to conduct their operations to fulfill the mission to protect their primaries. They also understood that we could not divulge all information based on operations security. In turn, they were very fourth coming in providing information to us on their experiences and what

they had seen. This was especially true in Ad Diwaniya and with security personnel in Baghdad.

7. What procedures are in place between military commanders and private security contractors for coordination of movement of contractor personnel through U.S. and coalition military sectors in Iraq?

Contractors that worked in our battle space coordinated all of their moves through our operation center. Other contractors traveling in or through our space did not coordinate. While in Baghdad, the Squadron coordinated all of its movement through other units battle at least 24 hours prior to moving through that area. I do not believe contractors have that capability based on their communication equipment compatibility to coordinate their movement with the military unless they coordinate through JTF-7.

8. What procedures are in place for movement of private security contractor personnel through military checkpoints?

Contract security had to adhere to the same procedures as any other civilian agency coming onto our compound in Ad Diwaniya unless special arrangements were made. Special arrangements were made when the contractors were escorting high level VIPs. Coordination measures included visual signals, cell phone calls and convoy description and composition. These convoys moved through our checkpoints unhindered to prevent them from stopping in a possible vulnerable area susceptible to attack.

Contractor access was an issue in the green Zone in Baghdad. 2d BDE, 1 AD had numerous issues with contractors escorting CPA and Iraqi Government personnel entering the Green Zone. It was a constant challenge for the 2d BDE force protection officer to enforce entry standards with contractor personnel.

9. What impact (if any) did having private security contractors in Iraq have on the ability of th

I can only speak in terms of the Squadron I worked with and the battle space and missions we conducted. The contractors did have an impact, but most of it was from outside requirements generated at higher levels. The impact they had was the request for additional security support in moving VIPs or conducting missions during periods of heightened tension. On one occasion, when the Squadron was conducting operations in Najaf, the contractors escorted the CPA chief to the town of Afak without our knowledge. While in Afak, the party was surrounded by hostile forces while attending a meeting at the city government building. An aggressive fire fight ensued. The Squadron had to react rapidly to send a relief column to rescue the party. This event did have a significant impact on our operations.

10. What actions should be taken to improve the interaction between private security contractors and the military in Iraq?

effect on ops

Standards of conduct that apply to all contractors that clearly define lines of communication and authority. Specifically, we continually had problems with contractors carrying loaded weapons on secure military compounds and in our dining facilities. If the contractor is actively engaged as a body guard for a VIP, this is no problem. Other than that they should not carry loaded weapons on US compounds. We strictly enforced this standard and escorted many contractors off our installation that refused to comply. Standards also need to be enforced to notify unit commanders of contractors operating in their battle space. Standardized communications would also be a great help.

stds. re:
loaded
→ WPTS. on
mil.
Compounds
→ notification
to unit
Commander
when PSCs
operating in
their
battlespace
→ standardize
communication

11. Did the [redacted] complete after action reports or incident reports on any of its interaction with private security companies? If so please provide us with copies?

We did not do an AAR concerning private security contractors.

12. Is SJA aware of any incidents of contractors violating U.S. or Iraq law (besides the prison incidents)? If yes, how were these dealt with?

I am not aware of any violations. The contractors we dealt with had very limited if any contact with the Iraqi people.

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Final Comment. The contractors we dealt with were mainly from [redacted] and [redacted]. The vast majority that I dealt with were professional and worked with us very well. Any issues concerning standards and operations were addressed immediately to the leadership of these organizations and resulted in immediate rectification.

There is an air of friction and contention in dealing with contractors. This is especially true in the Green Zone. The contractors that worked with [redacted], Baghdad and the team in Diwaniya were very professional and assisted us greatly. The security team from [redacted] (all senior prior service special operation forces soldiers) even provided the troopers of my Squadron training in urban movement techniques, VIP escort techniques, small arms engagement techniques and defensive driving.

Re:
resentment,
envy
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indicates
PSCs
have
various
identities
(ranging
from
"professional"
to
"pseudo-
mercenary")

This being said, there are still an enormous amount of contract security that roam the Green Zone with seemingly limited adult supervision. This group creates an image of a pseudo mercenary army in the green zone. Soldiers have little regard for them bordering on contempt for their lack of standards and discipline. The fact that these private security contractors earn 7 to 8 times the pay of the soldiers adds to this. Several soldiers were lured into lucrative contracts as private security contractors and left the Army for that occupation.

Call [unclear] [unclear]

situation that could not be resolved through discussion and prior coordination so the need to involve a higher headquarters to arbitrate a disagreement never arose.

4. What is the command and control relationship between military commanders and the private security contractors who are providing security to contractors who have been awarded contracts by US government civilian agencies to rebuild Iraq? What authority do the military chains of command have over private security contractors and their personnel and how is that authority exercised?

I am unaware of a specific command and control relationship between military commanders and private security contractors. Again, professional courtesy and open communications were the key to facilitate both military operations and the mission of these contractors. It was our general understanding that we held authority over these individuals since they operated within our battle space although we never had to exercise this authority.

Interaction Between Private Security Contractors and US and Coalition Military Forces

1. Can private security contractor personnel call on U.S. military commanders for support in case of trouble? What procedures are currently in place for private security contractors to call upon military commanders for help?

It was our common understanding that we would provide assistance to any individual or group that required it in order to maintain security and stability within our area of operations. Numerous times, security personnel would conduct coordination with our unit in order to synchronize their movements and activities. The majority of this coordination was conducted in person due to the lack of communication interoperability.

2. What responsibility, if any, do military commanders have to defend, rescue, or search for missing private security contractor personnel, if they are (a) United States citizens or (b) foreign nationals?

As the military authority within our area of operations, our commander considered it his responsibility to provide assistance to any individual or group (whether U.S. citizen or foreign national) within his battle space that required it.

3. What efforts have been made to promote interoperability between private security contractors and U.S. and coalition military forces?

Cellular phones were the only common communications means that were available to communicate with private security contractors. These systems were unreliable and were extremely limited in availability. Often, liaisons were posted in close proximity to our operations center in order to facilitate coordination.

4. What interoperability exists between the communications equipment of military units and private security contractors? If there is no interoperability or the extent of interoperability is unknown, what plans, if any, are there to establish or improve interoperability?

Cellular phones were the only communication assets that were available to communicate and significant distance with private security contractors. If operating in close proximity, on occasions we provided "Talk-About" style radios to contractors to be able to communicate.

5. What mechanisms are there for intelligence sharing between private security contractors and United States or coalition troops?

Limited intelligence was shared with private security contractors and the type and amount of intelligence was strictly controlled by the commander. The majority of information pertained to recent enemy contact, route status, and local points of contact.

6. To what extent do private security contractors share their intelligence information with United States and coalition troops?

On multiple occasions, security contractors would share information with our operations center. This information was mainly anecdotal in nature and would be cross-checked with current on-hand intelligence.

7. What procedures are in place between military commanders and private security contractors for coordination of movement of contractor personnel through U.S. and coalition military sectors in Iraq?

I am unaware of any specific procedures that were in effect to coordinate the movement of contractors within our battle space. Over time, contractors realized that it was in their best interest to contact the local military authority and conduct coordination before beginning movement.

8. What procedures are in place for movement of private security contractor personnel through military checkpoints?

Contractors were required to adhere to all standard operating procedures while passing through our checkpoints unless prior coordination was conducted.

9. What impact (if any) did having private security contractors in Iraq have on the ability of the [redacted] to perform its mission?

On numerous occasions, short notice plans would be developed in order to support a security contractor's mission within our battle space. This resulted in less than complete instructions being relayed to the troops potentially supporting these contractors and reduce the time available to them to prepare for any contingency missions.

10. What actions should be taken to improve the interaction between private security contractors and the military in Iraq?

In my opinion, a central coordination cell should be formed that provides a means of coordinating between various private contractors. These cells should be established at the headquarters of each brigade sized element in order to facilitate the timely sharing of information.

11. Did the [redacted] complete after action reports or incident reports on any of its interaction with private security companies? If so please provide us with copies? No AARs or reports were developed concerning these matters by our unit.

12. Is SJA aware of any incidents of contractors violating U.S. or Iraq law (besides the prison incidents)? If yes, how were these dealt with?

I am unaware of any such incidents occurring within our area of operations.

Record of Interview

81.6(8)

Title	Interview w/ officers of the _____
Purpose	To learn more about the operational relationship between private security contractors (PSC) and military units _____, in Iraq during their recent tour of duty there. <u>Specific issues:</u> <ul style="list-style-type: none">• Degree of coordination between PSCs and U.S. mil.• Awareness/use of the Reconstruction Operations Center (ROC) by both parties.• Interaction between PSCs and U.S. military. Related issues.• Insight into improving interaction between PSCs and U.S. Mil.
Contact Method	Interview
Contact Place	_____
Contact Date	May 9, 2005
Participants	_____ _____ _____ Carole Coffey, Senior Analyst, DCM Mattias Fenton, Analyst, DCM
Comments/Remarks:	Duration of this interview was roughly 2 hrs.

I. Characterizing relations between _____ private security contractors

The officers generally felt that the relationship between the military and the PSCs was too irregular and suffered from a distinct lack of coordination. They felt that increased communication and training would be the key to better cooperation and fewer friendly-fire incidents in the battlespace.

Based on the experiences of the officers, significant issues regarding the interaction between PSCs and U.S. military were as follows:

- (8)
- a) Command structure: PSCs, like NGOs, are not in the chain of command in the field because the commanding officers in the field have no contractual relationship with the contracting firms.

While PSCs did not fall under the chain of command in the field, they were subject to the rules and regulations of base commanders while on the base. Conforming to these rules was sometimes the source of strife between PSCs and base authorities.

For example, the officers referred to a case in which PSCs