

Dick Cheney and Halliburton: A Chronology

“The good Lord didn’t see fit to put oil and gas only where there are democratic regimes friendly to the United States” - Richard Cheney¹

1992

Halliburton subsidiary Brown & Root is paid \$9 million by the Pentagon (under Cheney’s direction as Secretary of Defense) to produce a classified report detailing how private companies (like itself) could provide logistical support for American troops in potential war zones around the world. Shortly after this report, the Pentagon awards Brown & Root a five-year contract to provide logistics for the U.S. Army Corp of Engineers. The General Accounting Office estimates that through this contract, Brown & Root makes overall \$2.2 billion in revenue in the Balkans.²

1995

Without any previous business experience, Cheney leaves the Department of Defense to become the CEO of Halliburton Co., one of the biggest oil-services companies in the world. He will be chairman of the company from 1996 to October 1998 and from February to August 2000. Under Cheney’s leadership, Halliburton moves up from 73rd to 18th on the Pentagon’s list of top contractors. The company garners \$2.3 billion in U.S. government contracts, which almost doubles the \$1.2 billion it earned from the government previously. Most of the contracts are granted by the U.S. Army Corp of Engineers.³ Halliburton’s overseas operations go from 51% to 68% of its revenue.

According to the Center for Public Integrity,⁴ under Cheney’s leadership the company also receives \$1.5 billion worth of assistance from government-sponsored agencies such as OPIC (Overseas Private Investment Corporation) and the Export-Import Bank, a huge increase compared to the \$100 million that the company had received in federal loans and guarantees in the five years prior to Cheney’s arrival. Years later, during the 2000 campaign in a broadcasted vice presidential candidates’ debate with Joe Lieberman, Cheney asserts that “the government has absolutely nothing to do” with his financial success as chairman of Halliburton Co.⁵

Halliburton pleads guilty to criminal charges of violating a U.S. ban on exports to Libya by selling Col. Qaddafi six pulse neutron generators, devices that can be used to detonate nuclear weapons.⁶ Halliburton pays a \$3.8 million penalty to settle alleged violations of the U.S. trade ban.⁷

1996

Halliburton subsidiary European Marine Contractors (EMC) helps lay the offshore portion of the Yadana natural gas pipeline in Burma. Several human rights organizations allege that tremendous human rights abuses are associated with the project, as thousands of villagers in Burma are forced

¹ “Defending Liberty in a Global Economy”, speech at the CATO Institute, <http://www.cato.org/speeches/sp-dc062398.html>, June 23, 1998

² GAO report, <http://www.gao.gov/archive/2000/ns00225.pdf>, September 2002

³ Pratap Chatterjee, *Dick Cheney: Soldier of Fortune*, www.corpwatch.org, May 2, 2002

⁴ Knut Royce and Nathaniel Heller, *Cheney Led Halliburton to Feast at Federal Trough*, Center for Public Integrity, August 2, 2000

⁵ see note 20 below

⁶ William Baue, *Pay Dirt or Payola? How Halliburton Strikes it Rich*, <http://www.socialfunds.com>, April 11, 2003

⁷ The Houston Chronicle, July 15, 1995

to work in support of the pipeline and related infrastructure. Many lose their homes due to forced relocation, and there are reports of rape, torture and killings by soldiers hired by the companies as security guards for the pipelines.⁸

1997

Cheney contributes to the creation of an influential right-wing policy group called the Project for the New American Century (PNAC). The group advocates for the removal of Saddam Hussein's Iraqi regime as early as January 1998, and is later revealed to be the intellectual center of the drive to war in Iraq.⁹

March: The Overseas Private Investment Corporation (OPIC), a U.S. government agency, helps Halliburton by providing "political risk insurance" worth up to \$200 million for the development of natural gas in Bangladesh.¹⁰

Halliburton subsidiary Brown & Root (now Kellogg, Brown & Root, KBR) launches a major Caspian project for the Azerbaijan International Operating Company, despite congressional sanctions against aid to Azerbaijan for human rights violations.¹¹

Indonesia Corruption Watch names Kellogg Brown & Root (Halliburton's engineering division) as one of 59 companies using collusive, corrupt and nepotistic practices in business deals involving former president Suharto's family.¹²

Even with the Iran-Libya Sanctions Act in place, Halliburton continues to operate in Iran. It pays the Department of Commerce \$15,000 to settle allegations that the company has broken anti-boycott provisions of the U.S. Export Administration Act for an Iran-related transaction, without admitting wrongdoing.¹³ Halliburton also continues to do business in Libya throughout Cheney's tenure.

The GAO (General Accounting Office), the auditing arm of Congress, reports that KBR has over-billed the Army for costs associated with its work in Kosovo. It is revealed that the firm used more workers and equipment than necessary to clean offices and provide electricity and backup power supplies to bases, and charged nearly \$86 per sheet for plywood that it bought for \$14.06.¹⁴

Cheney appears in an Arthur Andersen promotional video praising the firm's accounting practices, saying: "I get good advice, if you will, from their people [Arthur Andersen], based upon how we are doing business and how we are operating, over and above the normal, by-the-books auditing arrangement".¹⁵ KBR is later investigated by the SEC for accounting fraud – in a case similar to the charges leveled against Anderson's other client, Enron.

⁸ Earthrights International, <http://www.earthrights.org/halliburton/hallintro.shtml>

⁹ William Bunch, *Invading Iraq not a new idea for Bush clique*, Philadelphia Daily News, January 27, 2003

¹⁰ John Rega, *Government Ties Helped Cheney and Halliburton Make Millions*, in: Bloomberg News, October 6, 2000 and OPIC press release, <http://www.opic.gov/pressreleases/archive/press97/press97/7-11.htm>

¹¹ *ibid.*

¹² *ibid.*

¹³ Jason Leopold, Online Journal, <http://www.onlinejournal.com>, April 20, 2003

¹⁴ David Morris, Congress Daily, April 16, 2003 and GAO reports GAO/NSIAD-97-63 and GAONSIAD-00-225, <http://www.gao.gov>

¹⁵ Los Angeles Times, July 12, 2002

1998

Cheney oversees Halliburton's merger with Dresser Industries, one of the companies that helped Saddam Hussein rebuild Iraq's oil infrastructure after the First Gulf War, despite economic sanctions against Iraq. Dresser also had faced major liability issues concerning asbestos.¹⁶ Halliburton uses two foreign subsidiaries to do \$23 million worth of business with Iraq.¹⁷

1999

Halliburton's KBR division is awarded a \$180 million a year to supply U.S. forces in the Balkans with logistical support.

The company is also working on major contracts to build oil infrastructure in Brazil and Nigeria for companies like Chevron, Petrobras and Shell. It has a \$200 million contract with Chevron and its partners in the enclave of Cabinda (Angola), where the company services over 330 wells in 30 fields, which provide eight percent of U.S. oil imports; the concession is the source of 80 percent of the Angolan government's revenue.¹⁸

2000

August: Cheney leaves his position as Halliburton's CEO to run as Bush's Vice President. Halliburton announces that it is giving Cheney a retirement package worth more than \$33.7 million.¹⁹ Under public pressure, Cheney sells company stock worth \$30 million.

October 5: In a broadcasted debate with Joe Lieberman, Cheney asserts that "the government has absolutely nothing to do" with his financial success as chairman of Halliburton Co.²⁰

Halliburton is by now the world's largest diversified energy services, engineering, construction and maintenance company, with some \$15 billion in revenues annually, 100,000 employees, and 7,000 customers in over 120 countries.²¹

2001

KBR wins a \$300-million exclusive contract to supply logistics to the Navy, providing services like cooking, construction, power generation and fuel transportation.²²

One of Cheney's largest projects as Vice President is to coordinate the development of a new National Energy Policy (NEPDG). According to the former climate policy adviser in the Environmental Protection Agency, who was present at the task force's sessions, Cheney "continually pushed plans to increase [...] oil supplies while paying little heed to promoting energy efficiency and clean energy sources".²³ Casting as an inevitability that by 2020, the United

¹⁶ New-York Times, August 1, 2002

¹⁷ *ibid.*

¹⁸ Pratap Chatterjee, *Dick Cheney: Soldier of Fortune*, <http://www.corpwatch.org>, May 2, 2002

¹⁹ Robert Bryce, *The Candidate from Brown and Root*, *in*: The Texas Observer, October 6, 2000

²⁰ Bloomberg News, October 6, 2000

²¹ Earthrights International, <http://www.earthrights.org/halliburton/hallintro.shtml>

²² Jeff Gerth, Van Natta Jr., *In Tough Times a Company Finds Profits in Terror War*, *in*: New York Times, August 13, 2002

²³ Jeremy Symons, *How Bush and Co. Obscure the Science*, *in*: the Washington Post, July 13, 2003

States will need to import two-thirds of its oil, mainly from the Arabic peninsula, the NEPDG recommends “that the President make energy security a priority of our trade and foreign policy”.²⁴

April: After having unsuccessfully requested information on recent secret meetings between the Cheney-led National Energy Policy Development Group (NEPDG) and executives of several energy industry companies, Representatives John Dingell and Henry Waxman ask the GAO (General Accounting Office) to request information about those meetings.

July: GAO Comptroller General Walker request records from Dick Cheney providing the names of the attendees for each of the meetings.²⁵

November: Kellogg, Brown & Root is paid \$2 million to reinforce the United States embassy in Tashkent, Uzbekistan, under contract with the State Department.²⁶

December: Kellogg, Brown & Root secures a 10-year deal with the Pentagon with no cost ceiling to provide support services to the Army.²⁷ The contract is known as the Logistics Civil Augmentation Program (LOGCAP). This contract is a “cost-plus-award-fee, indefinite-delivery/indefinite-quantity service,” which means that the federal government has an open-ended mandate and budget to send Kellogg, Brown and Root anywhere in the world to run humanitarian or military operations for profit.²⁸

2002

February: Kellogg, Brown & Root pays out \$2 million to settle a lawsuit with the Justice Department, which alleged that the company defrauded the government in the mid- 1990s by over-billing expenses.²⁹

February 27: The New York Times reveals the identity of some of the top executives from the oil and gas industry that met with Cheney on Feb. 8, 2001.³⁰ One of them is Robert J. Allison Jr., the Chairman of Anadarko Petroleum, with which Halliburton has been doing business since 1959. The Times also reports that Cheney’s wife Lynne had been a director and significant stockholder of Union Pacific Resources, an energy company that had merged with Anadarko in 2000, and that she received Anadarko stock worth \$250,000 to \$500,000 from the merger.

March: The press identifies the names of 22 oil and gas companies whose officials met in secret with the NEPDG.³¹ Nineteen of these were among the top 25 energy industry financial contributors

²⁴ U.S. Department of Energy, Report of the national Energy Policy Group, Chapter 8: “Strengthening Global Alliances” <http://www.whitehouse.gov/energy>

²⁵ David Walker, Letter to Vice President Cheney, http://www.house.gov/reform/min/pdfs/pdf_inves/pdf_energy_cheney_chrono_july_18_gao.pdf, July 18, 2001

²⁶ Pratap Chatterjee, The War on Terrorism’s Gravy Train, <http://www.corpwatch.org>, May 2, 2002

²⁷ New-York Times, *In Tough Times, a Company Finds Profits in War*, July 13, 2002

²⁸ Pratap Chatterjee, *the War on Terrorism’s Gravy Train*, <http://www.corpwatch.org>, May 2, 2002

²⁹ Department of Defense, Criminal Investigative Service, *Press Release*, February 7, 2002

³⁰ New-York Times, *Oil Executives Lobbied on Drilling*, Feb. 27, 2002

³¹ New-York Times, *Top G.O.P. Donors in Energy Industry Met Cheney Panel*, March 1, 2002; *Energy Firms Were Heard on Air Rules*, March 2, 2002; and *Oil Executives Lobbied on Drilling*, Feb. 27, 2002

to the Republican Party. Among the nineteen were Enron, ExxonMobil, BP Amoco, Anadarko Petroleum, Shell Oil, and Chevron.³²

David M. Walker, the comptroller general of the GAO, as well as Judicial Watch, launch lawsuits against Cheney because he refuses to turn over to Congress documents that reveal the identities of industry executives involved in the National Energy Strategy.³³ The GAO's lawsuit will be abandoned in February 2003, after Republican threats to cut the GAO's \$440 million budget.³⁴ But Judicial Watch's legal efforts continue. (see below)

May 22: A New York Times article alleges that Halliburton artificially inflated its stock price between June 1999 and May 2002 and counted cost overruns on construction projects as additional revenue.³⁵ Following these allegations, the SEC (Securities and Exchange Commission) launches an investigation into Halliburton's accounting practices.³⁶ The company's then-accountant was Arthur Andersen.³⁷ Despite the ongoing investigation and previous revelations about cost overruns, Halliburton continues to receive government contracts worth billions.

June: Brown and Root is awarded a \$22 million deal to run support services at a military camp in Uzbekistan. This is the first LOGCAP contract in the "war on terrorism".³⁸

July 15: Newsweek publishes the article, "Halliburton CEO Says Cheney Knew About Firm's Accounting Practices" revealing that Cheney was aware that the firm was counting projected cost-overrun payments as revenues.³⁹

July 29: A New York Times article quotes Cheney about corporate fraud: "the American people can be certain that the government will fully investigate and prosecute any wrongdoers". Cheney says the reform measure will "protect investors, bring more accountability to corporations and toughen controls of the accounting industry".⁴⁰

July/August: It is revealed that while Vice President Cheney was Halliburton's CEO, the number of its subsidiary companies in offshore tax havens increased from 9 (in 1995) to 44 (in 1999). One of these subsidiaries (Halliburton Products and Services Ltd.), incorporated in the Caiman Islands, is used since 2000 to get around sanctions on doing business in Iran.⁴¹ At the same time, Halliburton's federal taxes dropped dramatically from \$302 million in 1998 to an \$85 million rebate in 1999.⁴²

³² Report of the Minority Staff of the Committee on Government Reform, <http://www.house.gov/reform/min>, March 22, 2002

³³ New-York Times, *Top G.O.P. Donors in Energy Industry Met Cheney Panel*, March 1, 2002

³⁴ Peter Brand and Alexander Bolton, *GOP threats halted GAO Cheney Suit*, in: The Hill, <http://www.thehill.com>, February 19, 2003. For more information on this case, see the Natural Resources Defense Council's website, <http://www.nrdc.org>, and Judicial Watch (<http://www.judicialwatch.org>)

³⁵ New-York Times, *Under Cheney, Halliburton Altered Policy on Accounting*, May 22, 2002

³⁶ New-York Times, *Cheney Promises Corporate Crackdown*, July 29, 2002

³⁷ William Baue, *Pay dirt or Payola? How Halliburton Strikes it Rich*, <http://www.socialfunds.com>, April 11, 2003

³⁸ Pratap Chatterjee, *Halliburton Makes a Killing on Iraq War*, <http://www.corpwatch.org>, March 20, 2003

³⁹ Newsweek, *Halliburton CEO Says Cheney Knew About Firm's Accounting Practices*, July 15, 2002

⁴⁰ New-York Times, *op.cit.*, July 29, 2002

⁴¹ Erwin Seba, Reuters, March 20, 2003

⁴² Arianna Huffington, *Holding Dick Cheney 'Accountable'* <http://www.Alternet.org>, August 5, 2002

Despite these revelations, the company continues to be awarded massive government contracts, including a new 10-year deal with the Army with no lid on potential costs. In the year 2002 alone, Brown & Root received \$1.3 billion for services to the U.S. government.⁴³ These services include a \$115 million contract to design and construct an embassy compound in Afghanistan; \$37.3 million to build 816 detention cells at Guantanamo Bay, Cuba; and \$2 million to reinforce the U.S. embassy in Uzbekistan.⁴⁴

As the press and Democratic Party leaders increasingly focus on Cheney's role in alleged accounting violations at Halliburton,⁴⁵ the Bush administration turns the nation's attention to Iraq.

August 26: Cheney delivers a speech to the Veterans of Foreign Wars in Nashville, warning that "seated atop of ten percent of the world's oil reserves, Saddam Hussein could then be expected to seek domination of the entire Middle East, take control of a great portion of the world's energy supplies, [...] and subject the United States to nuclear blackmail."⁴⁶

October: A Washington Post article describes Cheney as the "fulcrum of foreign policy", and that his influence for a pro-war policy comes to the fore on the eve of a possible conflict with Iraq.⁴⁷

Cheney's wife Lynne is a senior fellow at the American Enterprise Institute, a "right-wing think-tank exercising significant influence in Washington circles"⁴⁸ which is one of the leading architects of the Bush administration's foreign policy and one of the leading voices pushing the Bush administration's plan for "regime change" through war in Iraq.⁴⁹ The AEI has received funding from the Bechtel Foundation and ExxonMobil.⁵⁰

November: Brown & Root begins a one-year contract, estimated at \$42.5 million, to cover services for troops at bases in Bagram and Kandahar, Afghanistan.⁵¹

2003

January: The Wall Street Journal reports that Halliburton officials met informally with representatives of Vice President Cheney's office back in October to figure out how best to jump-start Iraq's oil industry following a war.⁵²

March: Congressman Henry Waxman launches an inquiry into the fact that the U.S. Army Corps of Engineers has secretly awarded a no-bid contract to KBR to extinguish oil well fires in Iraq. The contract has a huge cost ceiling of \$7 billion, with additional fees of up to seven percent (\$490 million). The mission and the contract have been "awarded without any competition or even notice

⁴³ CBS News, *Halliburton: All In The Family*, April 27, 2003

⁴⁴ Keith Ashdown, *Halliburton's Road to Riches*, <http://www.taxpayer.net>, May 8, 2003

⁴⁵ Among others: Wall Street Journal July 11th, 17th and August 8th, Houston Chronicle July 10th, 12th and 29th, Washington Post July 18th, New-York Times July 20th, 29th and August 1st, San Francisco Chronicle August 4th, Boston Globe August 8th

⁴⁶ Cheney's speech, <http://www.whitehouse.gov/news/releases/2002/08/20020826.html>

⁴⁷ The Washington Post, October 13, 2002

⁴⁸ Media Transparency, <http://www.mediatransparency.org/recipients/aei.htm>

⁴⁹ Wikipedia, <http://www.wikipedia.org>

⁵⁰ Media Transparency, <http://www.mediatransparency.org/recipients/aei.htm>

⁵¹ Pratap Chatterjee, *Halliburton Makes a Killing on Iraq War*, <http://www.corpwatch.org>, March 20, 2003

⁵² Thaddeus Herrick, *U.S. Wants to Work in Iraq*, in: Wall Street Journal, January 16, 2003

to Congress, [... and] were entered into on March 8, but not disclosed publicly until March 24”.⁵³ This contract is open-ended. It is also a “cost-plus” contract, i.e. the company is guaranteed to recover costs plus an additional percentage of those costs as its profit. It is later revealed that the contract not only includes fighting fires, but also operating the oil fields. The administration replies to Waxman’s questions on the lack of competition: “To invite other contractors to compete to perform a highly classified requirement [...] would have been a wasteful duplication of effort. [...] Only Kellogg Brown & Root Services [...] could commence implementing the plan on extremely short notice” and “No other contractor could satisfy mission requirements in the time available”.⁵⁴ However, CBS reports that other qualified companies had attempted to bid on the contracts, but were shut out of the process. Bob Grace, president of GSM Consulting, after having contacted the Pentagon to inquire about the contracts, received a letter from the Department of Defense dated December 30, 2002 saying that it was “too early to speculate what might happen in the event that war breaks out in the region”.⁵⁵ This was “more than a month after the Army Corps of Engineers began talking to Halliburton about putting out oil well fires in Iraq”,⁵⁶ and in fact one month after the Secretary of Defense had granted such a contract to Halliburton.⁵⁷ Furthermore, KBR did not actually put the fires out itself, but subcontracted the job to other companies: Boots & Coots International Well Control Inc., and Wild Well Control Inc.⁵⁸

Thousands of employees of Halliburton are working alongside U.S. troops in Kuwait and Turkey under a package deal worth close to a billion dollars. KBR is also supporting operations in Afghanistan, Djibouti, Georgia, Jordan and Uzbekistan. The overall anticipated cost of task orders awarded since the contract award in December 2001 (LOGCAP) is approximately \$830 million.⁵⁹

May 8: Halliburton admits having paid 2.4 millions of dollars in bribes to a Nigerian official in return for tax breaks.⁶⁰

May 30: Twenty shareholder class-action lawsuits accusing Halliburton of using deceptive accounting practices while Dick Cheney led the company are settled for 6 million dollars. Halliburton doesn’t admit to any wrongdoing.⁶¹

July 8: Following Judicial Watch’s attempt to force the White House to disclose the names of nongovernmental officials who were consulted by the task force in 2001, the U.S. Court of Appeals for the District of Columbia Circuit affirms a lower court judge’s order and thereby rejects Cheney’s bid to keep all the workings of the Energy Task Force secret.⁶²

Agnes Christeler, Citizen Works©

⁵³ Rep. Henry Waxman, letter to Lt. Gen. Robert Flowers, http://www.house.gov/reform/min/inves_admin/admin_contracts.htm, March 26, 2003

⁵⁴ *ibid.*

⁵⁵ CBS News, *Halliburton: All In The Family*, April 27, 2003

⁵⁶ *ibid.*

⁵⁷ On November 15, 2002 the Office of the Secretary of Defense awarded a classified Iraqi oil Field Plan work order to Halliburton, worth \$1.8 million. (Work Order number T.O. 0031)

⁵⁸ Los Angeles Times, *After The War: Getting Iraq’s Oil Pumping Again*, April 22, 2003

⁵⁹ Pratap Chatterjee, *Halliburton Makes a Killing on Iraq War*, <http://www.corpwatch.org>, March 20, 2003

⁶⁰ Oliver Burkeman, *Cheney firm paid millions in bribes to Nigerian official*, *in*: The Guardian, May 9, 2003

⁶¹ Associated Press, May 31, 2003

⁶² Henri E. Cauvin, *Cheney Loses ruling on Energy Panel Records*, *in*: The Washington Post, July 9, 2003