

Reports: Prosecutions for war zone crime rise

By Pauline Jelinek - The Associated Press
Posted : Monday Oct 31, 2011 9:01:24 EDT

WASHINGTON — A Marine in Iraq sent home \$43,000 in stolen cash by hiding it in a footlocker among American flags. A soldier shipped thousands more concealed in a toy stuffed animal. An embassy employee tricked the State Department into wiring \$240,000 into his foreign bank account.

As the wars in Iraq and Afghanistan wind down, the number of people indicted and convicted by the U.S. for bribery, theft and other reconstruction-related crimes in both countries is rapidly rising, according to two government reports released Sunday.

"This is a boom industry for us," Stuart Bowen, the special inspector general for Iraq reconstruction, said in an interview.

"Investigators and auditors had a productive quarter," said a report on the theft of Afghanistan aid by Steven Trent, who holds the same job for Afghanistan. His report covered August through October.

In the past 13 months U.S. investigators in Iraq secured the indictments of 22 people for alleged aid-related offenses, bringing to 69 the total since the SIGIR office was created in 2004. Convictions stand at 57. Several hundred more suspects are under scrutiny in 102 open investigations and those numbers are expected to climb.

The rise in caseloads derives partly from spinoff investigations, where suspects facing prosecution lead investigators to other suspects, said Jon Novak, SIGIR's assistant inspector general for investigations.

"More and more people are ratting out their associates," he said, turning in conspirators who helped launder money after it was stolen, others who were aware of it and others implicated in the crimes.

As investigators gain experience, they've received better information from a growing network of sources in Iraq, said Dan Willkens, Novak's deputy. Development of an automated data-mining system for investigations has helped, he said, as did a decision two years ago to speed prosecutions by hiring three former assistant U.S. attorneys and detailing them to the Justice Department.

At the inspector general's office for Afghan reconstruction, created in 2008, officials report only nine indictments and seven convictions so far. They say they're trying to ramp up after years of upheaval and charges the office was mismanaged. Trent was named acting inspector general after his predecessor left in August and is the third person to hold the job.

Reports: Prosecutions for war zone crime rise

By Pauline Jelinek - The Associated Press
Posted : Monday Oct 31, 2011 9:01:24 EDT

Still, Trent reported that during the last quarter, an investigation initiated by his office netted the largest bribery case in Afghanistan's 10-year war. A former Army Reserve captain, Sidharth "Tony" Handa of Charlotte, N.C., was convicted, sentenced to prison and fined for [soliciting \\$1.3 million in bribes](#) from contractors working on reconstruction projects.

Most crimes uncovered by U.S. investigators in the two war zones include bribery, kickbacks and theft, inspired in part by the deep and pervasive cultures of corruption indigenous to the countries themselves.

Among some of the cases listed in the reports were those of:

- Gunnery Sgt. Eric Hamilton, who [pleaded guilty to conspiracy](#) in what prosecutors say was a scheme to help Iraqi contractors steal 70 generators that were meant to supply electricity for fellow Marines. He sent some of their payments home in a footlocker and had other money wired, the report said.
- Several U.S. government employees, who received kickbacks for steering contracts to local conspirators and providing inside information to people competing for contracts. A former army sergeant, who was not identified, is charged with pocketing more than \$12,000 in cash that a contractor never picked up after the money was allegedly stolen by another army sergeant and mailed to California inside a stuffed animal.
- Jordanian national and U.S. Embassy employee Osama Esam Saleem Ayesh, who was convicted in April for stealing nearly \$240,000 intended to cover shipping and customs charges the State Department incurs when it moves household goods of its employees. The money wound up in Ayesh's bank in Jordan.

Money stolen from reconstruction projects also has been shipped off of U.S. battlefields tucked into letters home and stuffed in a military vest. Tens of thousands of dollars were once sewn into a Santa Claus suit.

Prosecutors have retrieved some of the money. More than \$83 million will be returned to the U.S. from Iraq cases completed in the budget year that ended Sept. 30, bringing the total recovered over the last seven years to nearly \$155 million, Bowen's office said.

As well as stolen cash, the total includes court-ordered restitution, fines and proceeds from the sale of merchandise seized from those convicted, including Rolex watches, luxury cars, plasma TVs and houses.

‘Egregious’ fraud

Prosecutions by Trent's office recovered \$51 million over the past year, his report said.

Reports: Prosecutions for war zone crime rise

By Pauline Jelinek - The Associated Press
Posted : Monday Oct 31, 2011 9:01:24 EDT

But the amount recovered is believed to be a tiny fraction of what's been stolen in the two war zones, a figure that will probably never be known for certain. Far more money is believed to have been lost through waste and abuse that resulted from poor management and the often-questioned U.S. strategy of trying to rebuild nations that are still at war.

The U.S. has committed \$62 billion to rebuilding Iraq and \$72 billion for the reconstruction of Afghanistan.

The independent Commission on Wartime Contracting estimated in August that at least \$31 billion has been lost to waste and fraud in Iraq and Afghanistan, adding that the total could be as high as \$60 billion. It studied not just reconstruction spending, but \$206 billion for the logistical support of coalition forces and the performance of security functions.

The commission found that from 10 to 20 percent of the \$206 billion in spending was wasted, while fraud accounted for the loss of another 5 percent to 9 percent.

Bowen called the cost of fraud "egregious."

"This is open crime occurring in a war zone," he said. "And the purpose of a lot of these expenditures is to win hearts and minds. Obviously we lose hearts and minds" when local populations see foreigners steal money meant to help rebuild their country.

The inspectors general are only two of the U.S. government offices looking into fraud, waste and abuse. Others include State Department inspectors and Army criminal investigators.