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Company Kept Kabul Security Contract Despite Record

By [GINGER THOMPSON](#) and [MARK LANDLER](#)

WASHINGTON — When a security guard at the United States Embassy in Kabul, Afghanistan, was leaving for breakfast Monday morning, he froze at the sight of a crude poster of a rat hanging on his door.

“Warning!” the poster said in stark, black letters. “Rats can cost you your job and your family.”

The guard was a whistle-blower who had told of security lapses and lewd, drunken bacchanals by fellow workers, sparking an outcry and enraging Secretary of State [Hillary Rodham Clinton](#). Now he wonders whether he should have kept his mouth shut.

“Threats are still running rampant here,” he said in a telephone conversation from Kabul, speaking on condition of anonymity for fear of reprisal. “So even though it looks like State may finally turn things around, no one’s ready to celebrate yet.”

Such skepticism may be warranted.

A review of two years of e-mail messages, letters and memos reveals that the State Department had long known of the serious problems with ArmorGroup, the contractor chosen to protect its embassy. The complaints went beyond the [lurid pranks that made headlines](#), the documents show, and included serious understaffing, bullying by management, petty corruption and abusive work conditions.

In fact, the deficiencies became so severe that they threatened the security of the compound, the documents show, and State Department officials withheld payments to ArmorGroup as a way to compel it to comply with the terms of its agreement. On a few occasions, government officials warned the company that if it did not correct the most egregious problems it would lose the five-year, \$189 million deal.

Yet both times the contract came up for renewal, in 2008 and 2009, the State Department opted to extend it, officials confirmed.

The troubles with the ArmorGroup contract, and the State Department’s frustrated dealings with the company over two years and through two administrations, illustrate how the government has become dependent on the private security companies that work in war zones, and has struggled to manage companies that themselves are sometimes loosely run and do not always play by the government’s rules.

With a stretched military, the government relies on the security companies themselves to vet, train, and discipline the guards, all at the lowest cost.

“It’s expensive for the State Department to withdraw a contract from one company, rebid the project and award it to a new one,” said Janet Goldstein, a Washington lawyer who represents one of the ArmorGroup whistleblowers. “So businesses know that once they get a contract, State may ding them around a little bit, but it’s not going to fire them.”

The perils of this reliance were most graphically illustrated in Iraq in 2007, when security guards from another contractor, [Blackwater](#), were involved in [shootings that left 17 civilians dead on a Baghdad street](#). But interviews and documents show that the ArmorGroup affair, in its mundane, unsavory details, offers perhaps a more representative look inside the troubled relationship between contractors and the government in war zones.

State Department officials acknowledge they had a litany of complaints about the company, none of which, they insist, compromised the security of the embassy. But they profess to being deeply embarrassed by reports of parties where security guards were photographed naked, fondling and urinating on each other.

“I’ve been doing this for 37 years; I’m proud of what I do,” said Patrick F. Kennedy, the undersecretary of state for management who oversees outside contractors. But, he added, “This is humiliating.”

Mr. Kennedy, however, defended the State Department’s overall handling of the contract. The frequent letters of complaint the government sent to ArmorGroup, he said, were evidence that the department was keeping close tabs on the company. The “greatest majority” of the failures cited in the letters were addressed, he said.

Part of the problem, officials said, was that the guards are housed in a complex six miles from the embassy, Camp Sullivan, with little oversight by State Department officials.

Susan Pitcher, a spokeswoman for Wackenhut Services, the American subsidiary of the Danish company that owns ArmorGroup, referred questions to the State Department, saying only that it was cooperating with the government’s investigation.

On Monday, the independent Commission on Wartime Contracting in Iraq and Afghanistan will hold a hearing to examine the State Department’s oversight of the contract. [Christopher Shays](#), a former congressman and co-chairman of the commission, said there was “a serious failure on the part of the State Department in being unable to compel the contractor to fulfill its commitment.”

The disclosures, which were originally made by a nonprofit organization, Project on Government Oversight, deeply rattled the State Department. At a staff meeting following the release of the group’s report, senior officials said, Mrs. Clinton vented her anger about the lurid pictures. Karl W. Eikenberry, a retired Army general who became President Obama’s ambassador to Afghanistan last May, was livid, an official said, because he had never been briefed about the problems.

Despite their unease with contractors, officials acknowledged the department had no choice but to keep using them.

“In situations where there is a surge of intense security requirements, it is a real challenge,” said [Jacob J. Lew](#), the deputy secretary of state for management and resources. “We cannot reduce the security presence.”

The State Department was not in a buyer's market when it looked for a company to protect its embassy in Kabul.

It picked ArmorGroup in March 2007, after its previous choice, MVM, proved unable to marshal the necessary personnel or equipment, officials said. Of the eight companies that bid for the contract the second time around, only two were deemed technically capable. ArmorGroup was the cheapest.

The company's most recent contract extension was granted in June this year, after a Senate hearing in which one of its executives, Samuel Brinkley, a Wackenhut vice president, said in sworn testimony that his company was in full compliance with the terms of its contract, and a State Department official, William H. Moser, a deputy assistant secretary of state, also under oath, said he was satisfied with the company's performance.

In interviews, ArmorGroup whistleblowers said they felt betrayed by the testimony. By many measures, they said, things were worse, not better. After largely uneventful company barbecues morphed into what have been described as scenes from "The Lord of the Flies," at least a dozen of the men started a document trail of their own, sending e-mail messages and photographs to the Project on Government Oversight.

According to interviews and those documents, from July 2007 to April 2009, the State Department issued ArmorGroup at least nine warnings, nearly one every other month, about contract violations that ranged from mundane concerns about the company's ability to keep accurate personnel logs, to more critical concerns about corruption among company managers and the hardships faced by sleep-deprived, underpaid guards — the majority of them [Gurkhas](#) from Nepal — who could not understand simple commands in English.

While the Gurkhas were largely the source of the language problems, the lewd hazing rituals were largely the activity of the native English speakers, a mix of Americans, South Africans, New Zealanders and Australians.

In 2008, after ArmorGroup was acquired by the Danish company, G4S, Wackenhut informed the State Department it was taking control of the Kabul contract, and promised to fix any problems.

Government officials agreed to give the new owners a chance. According to their own correspondence, their optimism seemed to dim fairly quickly.

On Aug. 22, 2008, the State Department wrote to ArmorGroup to express concerns that staffing shortages were so severe the company might not be able to provide security after a situation with mass casualties.

On Sept. 21, 2008, the State Department deducted \$2.4 million in payments from ArmorGroup, warning that its failure to provide a sufficient number of guards "gravely endangers the performance of guard services."

In March 2009, the department again advised ArmorGroup that it had "grave concerns" about staffing shortages, noting that inspectors on a recent tour found 18 guardposts left uncovered.

In April, it denied ArmorGroup's request for a third waiver to the requirement that it teach its foreign guards English.

A month later, without much explanation, ArmorGroup told the State Department that deficiencies relating

to language and staffing had been resolved. And a month after that, a senior State Department official told the Senate Subcommittee on Contracting Oversight that “despite contractual deficiencies, the performance by ArmorGroup North America has been and is sound.”

“I sat in the audience that day, and shook my head in disbelief,” said James Gordon, a former ArmorGroup executive who has filed a whistleblower’s lawsuit against the company. He says he was forced out for complaining about the problems. “I knew that conditions at Camp Sullivan were deteriorating, that the contract continued to be understaffed, that the conditions in Kabul were getting more dangerous, and that the U.S. Embassy was facing grave threats.”

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