

US Sues KBR Over Iraq War Overcharges

IBT [ibtimes.com /us-sues-kbr-over-iraq-war-overcharges-891086](http://ibtimes.com/us-sues-kbr-over-iraq-war-overcharges-891086)

Eric Linton

11/19/2012

The U.S. Justice Department said Monday it is suing KBR Inc., accusing it and a Kuwaiti subcontractor of improperly charging the government for delivering and installing trailers for troops in [Iraq](#).

The filing came days after the Justice Department dropped a similar but unrelated case over KBR's costs for private armed security in [Iraq](#), Reuters reported.

Filed in the U.S. District Court in Rock Island, Ill., the new lawsuit alleges that KBR-hired subcontractor First Kuwaiti Trading Co. inflated its crane, truck and driver costs and misrepresented delays on the installation of more than 2,250 trailers.

The government's complaint arises from the Bed Down Mission, a push to replace the tents used to house soldiers during the early days of the war with trailers, also called living containers, according to Corporate Crime Reporter.

KBR provided many services to the military under a logistical support contract, including Bed Down, through subcontractors like First Kuwaiti.

First Kuwaiti's subcontract, awarded in 2003, had been for \$80 million. The government said KBR later agreed to pay First Kuwaiti an extra \$48.8 million after the subcontractor in 2004 submitted two claims asserting that government-caused delays in providing military escorts entitled it to extra money.

The lawsuit said KBR charged the government for the inflated costs, knowing they were false. KBR knew First Kuwaiti "could not be trusted," the lawsuit said.

The complaint also said KBR's own quality assurance staff had recommended permanently disqualifying First Kuwaiti from receiving any contracts for providing the army trailers two months before the subcontract was awarded.

In July 2004, a KBR representative termed claims by First Kuwaiti's founder under other subcontracts "absolute highway robbery," the complaint said.

"The facts alleged in the complaint indicate that KBR and First Kuwaiti did not provide an honest accounting," said U.S. Attorney Jim Lewis.

KBR said it had not seen the complaint, but that it believed the government's claims to be "baseless and without merit."

Rock Island was the location of an earlier criminal lawsuit against a former KBR employee, Anthony Martin, who pleaded guilty in 2007 to a kickback scheme. Monday's complaint refers to Martin's case and said the kickback scheme was with First Kuwaiti's boss.

"We depend on companies like KBR to provide valuable noncombat services to our military such as housing and feeding our troops," said Justice Department Civil Division chief Stuart F. Delery. "We will ensure that contractors live up to their promises, and are not permitted to profit at the expense of the taxpayers at home who are supporting our men and women in uniform."