

DIRECTORATE FOR INVESTIGATIONS OF SENIOR OFFICIALS

REPORT OF PRELIMINARY INQUIRY

CASE/IG CONTROL NUMBER: H05L95798

SUBJECT: Dr. Paul Wolfowitz, Deputy Secretary of Defense

INITIAL DATE RECEIVED BY OIG: March 25, 2005

DATE PRELIM TASKED TO ISO: March 29, 2005

ALLEGATION: Secretary Wolfowitz used his public office for the private gain of [REDACTED] a personal acquaintance, by influencing subordinates to bring [REDACTED] under contract on an expedited basis to provide consulting services to the Office of Reconstruction and Humanitarian Assistance (ORHA).

INTRODUCTION AND BACKGROUND:

We initiated this preliminary inquiry in response to information identified by OIG DoD Audit staff. Media reports in March 2005 concerning Secretary Wolfowitz' alleged [REDACTED] with [REDACTED] triggered recollection by auditors that [REDACTED] provided consulting services to ORHA (the predecessor to the Coalition Provisional Authority (CPA)) under a delivery order to a DoD contract with Science Applications International Corporation. That delivery order and other ORHA-CPA contracts were reviewed as part of an OIG DoD audit completed in March 2004. Audit documentation included a series of email messages that indicated Secretary Wolfowitz had shown a particular interest in the contract and may have exerted pressure on subordinates to bring [REDACTED] under contract on an expedited basis. The \$235,000 delivery order funded [REDACTED] and two other "subject matter experts" as members of the "Democracy and Governance Group" established to assist the Director, ORHA, with the formation of a new Iraqi government.

As background, in February 2003, the Department of Defense organized ORHA, under the purview of the Undersecretary of Defense for Policy, with responsibility for restoring an Iraqi governmental structure after the then-pending coalition invasion of Iraq.¹ As part of this effort, DoD contracted for the services of subject matter experts to lead the Democracy and Governance Group in providing "analysis, advice, and recommendations on public advocacy, voter education, economic and business development, international and regional political relations, the role of women in government, and government reform" to the Director, ORHA.

¹ The CPA succeeded ORHA and governed Iraq from the fall of the Saddam Hussein regime until the handover of political authority to the Iraqi Interim Government.

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The contract for the subject matter experts was issued without full and open competition. The documented justifications for not competing the contract were urgency (the need to deploy the experts to Iraq immediately following the military disarming of the Saddam regime) and the need for the unique qualifications of the named experts.

In conducting our preliminary inquiry we interviewed Secretary Wolfowitz and [REDACTED] Former Executive Secretary, Governance Group, ORHA, Office of the Under Secretary of Defense for Policy.

APPLICABLE STANDARD:

Department of Defense Directive (DoD) 5500.7-R, "Joint Ethics Regulation (JER)," dated August 30, 1993

Section 2635.702 of the Regulation states, "an employee shall not use his public office for his own private gain, . . . or for the private gain of friends, relatives, or persons with whom the employee is affiliated in a nongovernmental capacity. . . ."

Section 2635.702(a) states that an employee "shall not use or permit the use of his Government position or title or any authority associated with his public office in a manner that is intended to coerce or induce another person, including a subordinate, to provide any benefit, financial or otherwise, to himself or to friends. . . ."

FACTS, DISCUSSION, AND CONCLUSIONS:

Three email messages exchanged by staff in the Office of the Undersecretary of Defense for Policy reflected Dr. Wolfowitz' apparent concern to contract for the services of the three subject matter experts, to include [REDACTED].

- E-mail dated April 2, 2003:

We plan to bring three people ([REDACTED], [REDACTED], and [REDACTED]) on contract . . . in support of the Democracy and Governance Group . . . which will work with [REDACTED] on developing long-term political institutions. . . . The E-ring is screaming to bring them on now. . . . DepSecDef Wolfowitz wants [this group] to start work immediately. . . .

- E-mail dated April 4, 2003:

[Regarding bringing the Democracy and Governance Group members on contract]: This issue has interest from Wolfowitz on down, so we want to resolve this ASAP.

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- E-mail dated April 7, 2003:

Deputy Secretary Wolfowitz has taken a personal interest in getting this team together. Three of the staffers ([REDACTED] and [REDACTED]) need to be brought in on contract through SAIC [Science Applications International Corporation]. . . [REDACTED] gets daily calls from Larry DiRita, [REDACTED], Ray DuBois and others about the status of the contract. If we don't act soon, the candidates will probably lose interest and we will have lost the confidence of the E-Ring.

Dr. Wolfowitz, upon reviewing the above-quoted email messages, testified that he was not directly responsible for assembling the Democracy and Governance Group; rather, State Department personnel assumed this responsibility. He told us he did not remember whether he recommended [REDACTED] or other persons to the State Department personnel for inclusion on the team, but that if he had recommended [REDACTED] it would have been based on his knowledge of her professional qualifications rather than his personal relationship with her.² Dr. Wolfowitz acknowledged that he had a "pretty close" relationship with [REDACTED] at the time, and that they were "very close friends."

Dr. Wolfowitz also testified that he did not remember if he had communicated to anyone an impatience to get the Democracy and Governance Group under contract. He said that if he had conveyed such a sentiment, it would have been based on the urgency to get the team to Baghdad rather than on any agenda to get certain people named to the team. According to Dr. Wolfowitz,

[The scheduling was] incredibly compressed and more so because the war unfolded much faster than people had anticipated, and we got to Baghdad much faster than people anticipated.

He added,

We were already starting to have large meetings of Iraqis debating the constitutional principles of the country and we had no political team there to advise Jay Garner and, later, Bremer, on how to do it.

I might say, you know, it's worth mentioning, subsequent events have made it absolutely clear that, how important it was to get an Iraqi

² Dr. Wolfowitz detailed 3 qualifications that would be particularly useful in the work of the Democracy and Governance Group: Arabic fluency, knowledge of how to write a constitution, and understanding of the political culture of Iraq. Dr. Wolfowitz stated that [REDACTED] possessed the first and third qualifications ("virtually a unique skill set") and other members of the team contributed other skills, making the team "as a whole . . . absolutely critical." According to an official biography, [REDACTED]

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government stood up to get rid of this label of being an occupying authority, to get these elections on track ultimately. . . . So I have no embarrassment about being impatient on this point.

Dr. Wolfowitz also pointed out that the Democracy and Governance Group consisted of some 10 to 12 persons -- more than the three named individuals -- and that his concern was to get the whole group to Iraq as soon as possible, "as a group of 10 or 12 people, not particular individuals and not this group of three."

Finally, Dr. Wolfowitz noted that [REDACTED] and others were unlikely to realize gain or benefit from being assigned to the Democracy and Governance Group. Their duties were likely to put them at physical risk in post-invasion Iraq. Further, Dr. Wolfowitz told us that in [REDACTED]'s case, strong opposition to the war was prevalent within the World Bank ([REDACTED]'s employer), so she incurred some professional risk in taking time off from her World Bank duties to engage in activity supporting the war. Dr. Wolfowitz also stated that to his knowledge [REDACTED] never received compensation for her service on the Democracy and Governance Group.

We interviewed [REDACTED] -- a person identified in the above-quoted email messages as having received pressure to conclude a contract with [REDACTED] and others -- to determine the nature and source of any such pressure. [REDACTED] told us that at the time the email messages were exchanged (April 2003), he was serving as a Presidential Management Fellow in ORHA. As such, he was familiar with efforts to assemble the Democracy and Governance Group and prepare it for deployment to Iraq.

[REDACTED] corroborated Dr. Wolfowitz' testimony regarding the reason for urgency in getting the Democracy and Governance personnel on contract: [REDACTED] testified that he was not aware of any special relationship between Dr. Wolfowitz and [REDACTED], nor was he aware of any pressure being exerted to bring [REDACTED] in particular onto the team. He said any pressure was geared toward [REDACTED]. He also told us that, while he had talked directly with Dr. Wolfowitz about the Democracy and Governance Group, [REDACTED] [Dr. Wolfowitz] [REDACTED]

Additional email messages located in OIG DoD Audit materials indicated that State Department personnel, to include Ms. Elizabeth Cheney, Deputy Assistant Secretary of State for Near Eastern Affairs, and Mr. Scott Carpenter, Deputy Assistant Secretary of State for Democracy, Rights, and Labor, initially identified the individuals who would serve as members of the Democracy and Governance Group, to include [REDACTED]

Based on our preliminary inquiry, we concluded that there is no credible basis to further investigate this matter. Dr. Wolfowitz was forthright in acknowledging his close personal relationship to [REDACTED] and in admitting that he might have recommended her name for inclusion on the Democracy and Governance Group. However, a mere recommendation would not constitute a misuse of position, and [REDACTED]'s credentials clearly qualified her for the projected work of the team. Additionally, [REDACTED]'s testimony fully supported Dr. Wolfowitz' statement that any pressure he may have brought to bear on subordinates

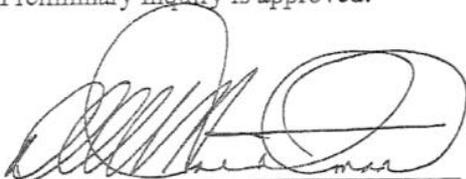
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regarding the Democracy and Governance Group was based on the urgency in getting the team to Iraq. ██████'s testimony also confirmed that Mr. Wolfowitz' concerns about getting the team assembled and deployed were not motivated by a desire to have ██████ included on the team. Finally, Dr. Wolfowitz' point that there was little, if any, gain or benefit likely to accrue to ██████ from service on the team was credible. It is apparent that selection as a subject matter expert was more an opportunity to serve than to reap private gain.

RECOMMENDATION: Conduct no further investigation into the matter.

The Preliminary Inquiry is approved:



Donald M. Horstman
Director
Investigations of Senior Officials

APR 28 2005

Date

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