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A Watchdog Follows the Money in Iraq

By ERIK ECKHOLM

If leaders at the Army Corps of Engineers expected the agency's pesky contracting director, Bunnatine H. Greenhouse, to be forced out quietly, they were wrong.

From 1997, when Ms. Greenhouse joined the Army's sprawling construction agency with orders to end what some called casual and clubby contracting practices, Corps veterans grumbled that she was a troublemaker. As former officials describe it, some officers regarded her as a stickler for cumbersome rules on things like sharing contracts with small businesses and ensuring open competition for bids.

She was also an African-American woman and a civilian, trying to shake up what one former Corps commander has called a "good ole boy" network of longtime officers and favored companies.

Things reached a climax as the Corps was thrust into the center of the Iraq war effort, given the task of distributing billions of dollars in reconstruction money. For the urgent repair of Iraqi oil fields, the Corps turned - too readily and too generously, Ms. Greenhouse charged in bruising internal debates last year - to the Houston-based Halliburton Company with one of the biggest single contracts of the war.

Now the Army Corps of Engineers is trying to demote Ms. Greenhouse, 60, or push her into retirement. To the surprise of no one who knows her, she is unbowed, charging in a much publicized letter of Oct. 21 that the Corps has shown a pattern of favoritism toward Halliburton that imperils "the integrity of the federal contracting program."

"I never dreamed it would come to this," Ms. Greenhouse said in an interview last week at her home in Reston, Va., as she described her long, determined climb through the labyrinths of Pentagon contracting, and her alarm over what she saw as the Corps' inappropriately cozy relations with certain companies.

With the bluntness and rectitude that has angered some of her superiors, she explained why she was not taking the vested retirement her commander had pointedly dangled.

"When our officers don't understand that a decision is giving one company an exceptional advantage," she said, "when they don't understand that a decision doesn't protect the public trust, then it's my job to make them understand it."

Ms. Greenhouse, known as Bunny, sent her letter to the acting Army secretary, with copies to Congress and the news media. The Pentagon was forced to promise an inquiry and to protect her position in the meantime, and her allegations drew the interest of the F.B.I.

Officials of the Corps decline to comment on Ms. Greenhouse's charges or the personnel proceedings, beyond a general statement that the agency "fully supports the rights and responsibilities of all Federal employees to use established procedures to ensure governmental actions comply with applicable laws and regulation."

Halliburton has denied any wrongdoing, and both the company and senior Pentagon officials involved in

the war effort have argued, in defense of the noncompetitive, costly projects she criticizes, that hair-splitting was neither possible nor wise in the ominous chaos after the Iraq invasion. Halliburton had vital experience and ties with the American military in the Middle East, officials have said to explain their early reliance on the company.

Ms. Greenhouse traces her dogged resistance to her upbringing. She grew up in a segregated cotton town in Louisiana, with parents who barely finished grade school.

She beamed as she described how her parents instilled religious devotion - she sings in a church choir every Sunday - and a drive to excel. She talked of two sisters who earned doctorates, and the triumphs of her brother Elvin Hayes, the N.B.A. all-star and a player who, incidentally, was known to coaches and teammates for his uncomfortably brusque talk. ("I speak what I feel," he once explained.)

"I grew up feeling there was nothing I couldn't do," Ms. Greenhouse said. "I try to instill that attitude in my employees, too."

Ms. Greenhouse studied math at Southern University, and in 1967 she joined a high school in Louisiana as its first black teacher. Her husband was a military procurement officer, and after years of teaching while following his postings around the country, she entered government herself in 1981.

As she applied herself to successive contracting jobs, Ms. Greenhouse also picked up three master's degrees, in business management, engineering and national resources strategy. "It appealed to my love of mathematics," she said of contract management. "I like structure and rules. I don't ever want to feel like I am in La-La Land."

And so, as the Corps's chief custodian of rules devised to ensure fair competition, Ms. Greenhouse said she found herself troubled by some recent deals with Halliburton.

In March 2003, she saw no reason why the Corps should give the Halliburton subsidiary Kellogg Brown & Root, without competition, a five-year, \$7 billion contract to repair oil fields. If an emergency required a quick deal, it should be for only one year at most, she argued. (The contract was given for five years over her objection, but later, after a public outcry, was cut short and put to competition.)

In December, she said, she was outraged when Corps leaders went behind her back to issue a legal document approving the unusually high prices KBR had charged for fuel imports to Iraq - prices that the Pentagon's own auditors called inflated by at least \$61 million and that are now the subject of criminal inquiries.

This spring, she questioned why, after four years, an expiring Halliburton logistics contract in the Balkans had to be extended for an extra 11 months and \$165 million on grounds that no other company could do the job in time.

"There is no legitimate explanation for what I witnessed," she said last week of the succession of disputes. The Corps, she said, "was at the point of knowingly violating federal acquisition regulations in favor of Halliburton. It can't get much worse than that."

To the Halliburton defense that critics like Ms. Greenhouse did not understand the urgency of wartime, she replies, "Of course I care about the soldiers who are dying."

"That \$61 million could have gone for body armor for the soldiers," she said in the interview.

On Oct. 6, the commander of the Corps, Lt. Gen. Carl A. Strock, informed Ms. Greenhouse in a letter that because her last two performance ratings had been "less than fully successful," she must be removed from her post as chief of all contracting and demoted from the Senior Executive Service. She is eligible for retirement, he pointed out.

Corps leaders had tried to demote Ms. Greenhouse a year earlier, but that effort was derailed in hearings where a former commander of the agency - the one who brought Ms. Greenhouse to the Corps in 1997 with a mandate to make contracting more professional - praised her work.

"She did an outstanding job," wrote the former commander, Lt. Gen. Joe N. Ballard, in a sworn affidavit in September 2003.

Many senior officials of the Corps, said General Ballard, who retired in 2000, "were associated with favorite companies" and resisted Ms. Greenhouse's "strict and ethical application" of rules intended to encourage fairness and competition.

General Ballard added, "I did not believe that females and minorities are always treated fairly at the Corps because of long-standing 'good ole boy' mentality by a number of members of the Command."

The Corps refused to comment on General Ballard's allegations, simply stating its dedication to equal opportunity, fairness and respect.

Through all the recent turmoil, Ms. Greenhouse said, she has continued going to work each day, watching her staff get whittled down and sitting through meetings in which superiors have made sarcastic remarks about whistle-blowers.

"I pass colleagues in the hall who say, 'We're proud of you,' and 'You go get 'em Bunny,' " she said. "But they say this while keeping their heads straight ahead."

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