

By Jeremy Scahill

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For those already outraged at the AIG bonus scandal, here is a fact that should add more fuel to the fire: The Obama administration has paid the mercenary firm formerly known as Blackwater nearly \$70 million to operate in Iraq and, [according to \*The Washington Times\*](#), may keep the company on the payroll months past the official expiration of its Iraq contract in May. I reviewed Blackwater's recent transactions with the Obama State Department and discovered a \$45 million payment to Blackwater on February 4, 2009 for "protective services-Iraq." It is described as a "funding action only." Here is the interesting part: The estimated "Ultimate Completion Date" is 5/07/2011.

*The Washington Times* (as described below) reported on a \$22 million payment to Blackwater on February 2. Combined with the \$45 million payment I discovered, that's nearly \$67 million in 72 hours. Not bad for a company supposedly going down in flames.

With the U.S. economy in shambles and millions of Americans struggling to make ends meet and keep their homes, Obama and Secretary of State Hillary Clinton need to explain to U.S. taxpayers how they justify these mega-payments to a scandal-plagued mercenary company. (At the very least, someone should ask Robert Gibbs about it).

It has been widely reported that the Bush administration's preferred mercenary company, which recently [renamed itself Xe](#), will soon be leaving Iraq. That [news](#) came early this year after the State Department, under immense public pressure, announced it would not renew the company's lucrative deal to act as the private paramilitary force for senior U.S. occupation officials. The Iraqi government has said it wants the company to leave Iraq and says it has revoked the company's operating license. The Obama administration continues to use Blackwater in Afghanistan and the company has extensive domestic training contracts with the military and law enforcement agencies inside the borders of the U.S.

Earlier this week, *The Washington Post* [reported](#) that some of Blackwater's armed operatives

may simply be rehired by two other US mercenary firms that are expected to take over Blackwater's work in Iraq under the Obama administration: Triple Canopy and DynCorp. Now, *The Washington Times*

[reports](#)

that the State Department has signed contracts with Blackwater that appear to extend the company's presence in Iraq at least until September 2009.

According to the paper:

"On Feb. 2, a department spokesman was asked whether officials planned to renew one of Blackwater's contracts past May. The spokesman, Robert Wood, said the department had told Blackwater 'we did not plan to renew the company's existing task force orders for protective security details in Iraq.'

"But records available through a federal procurement database show that on that same day, the State Department approved a \$22.2 million contract modification for Blackwater 'security personnel' in Iraq, with a job completion date of Sept. 3, 2009."

"Why would you continue to use Blackwater when the Iraqi government has banned the highly controversial company and there are other choices?" said Melanie Sloan, executive director of the nonpartisan Citizens for Responsibility and Ethics in Washington.

State Department spokesman Noel Clay told *The Washington Times* the contract modification involves aviation services. "The place of performance is Iraq, but it is totally different than the Baghdad one that expires in May," he said. Sloan called the State Department's explanation of the Feb. 2 deal a "parsing of words" and said "they should just be straight with us." Xe spokeswoman Anne Tyrell declined to comment on the status of the company's work in Iraq or the Feb. 2 contract modification. She said the company was aware that the State Department had indicated that it did not plan to renew its contracts in Iraq but that Xe officials had not received specific information about leaving the country. "We're following their direction," she said.

Blackwater recently renamed itself Xe and its owner Erik Prince " [resigned](#) " as CEO, though he remains its sole owner and chairman.

## **UPDATE: Could Arlen Specter's Logic on AIG Bonuses Be Applied to Blackwater?**

Several people have written me asking what the Obama administration *should* do with Blackwater, following reports that the State Department paid the company some \$70 million over a 72 hour period in February.

Many people take the position that Obama is dealing with remnants of the Bush administration's disastrous policies and that it will take time to unravel. Fair enough. But, with the U.S. economy in shambles, is it really a priority to make good on payments to a company like Blackwater?

I have long written that the Obama Iraq policy will necessitate using mercenary forces. This is true for a number of reasons, not the least of which is Obama's refusal to scrap that monstrous U.S. fortress they are calling an embassy. If it's not going to be Blackwater guarding Obama's occupation officials, it will be Triple Canopy and DynCorp (who will in turn hire a bunch of the "fired" Blackwater guys anyway). The point here is this: I disagree that the reality is simply that Obama needs time to phase out Blackwater and his hands are tied when it comes to paying them on existing contracts. I believe Obama needs them to sustain his bad Iraq policy, which will continue the occupation, albeit with a softer face. If Obama wanted to, he could outright fire Blackwater. Henry Waxman and others have called for that. He certainly would have the support of the American people, particularly given how much money Blackwater has milked from the U.S. treasury.

All of this brings me to Republican Sen. Arlen Specter, former chair of the Judiciary Committee. Yesterday, he was interviewed on MSNBC by Andrea Mitchell about the AIG bonuses. Read what he says about the AIG contracts not having to be honored and then apply the logic to Obama's Blackwater situation:

**Mitchell:** *What say you when it comes to these bonuses? Should they be taxed back? Should the AIG executives who approved the bonuses have to commit hari-kari? With whom do you side?*

**Specter:** *Andrea, they're not enforceable under the law. They are against public policy. It is*

*obviously against public policy to pay bonuses to people who caused the problem. If you have, for example, a contract for the sale of heroin, that's not enforceable. You take those cases to court, they won't be enforced. It's just that plain. It's set out very simply in the restatement of the law on contracts*

*(.....)*

**Mitchell:** *Well, you know, there's been a lot ventilating on all sides, but you're a former district attorney, a former prosecutor, experienced lawyer and we tend to trust your judgment on this, former Judiciary Chairman. So let me hear you out on when you say they're not enforceable, the top economic adviser and the Treasury Secretary said that these were contracts that if the government broke the contracts, there would be greater expense in going to court and suing to get the money back.*

*What would the next steps be in a practical way to get the money back and break the contracts?*

**Specter:** *The top economic adviser and the Secretary of the Treasury are wrong again. It happens too often to be excusable. I'd like to argue this as a legal matter. If you have a contract, which is against public policy, it is not enforceable. I gave you an extreme example. If you have a contract for the delivery of heroin, the use of heroin, the delivery of heroin is against the law, you can't enforce it.*

Let those individuals who claim that they're entitled to bonuses go to court and the government will defend the case and will say these are against public policy. How can you pay a bonus to this individual in this company, which raised the problem and caused this \$180 billion bailout and now they want bonuses on top? It is simply unenforceable.

*Jeremy Scahill, an independent journalist who reports frequently for the national radio and TV program Democracy Now!, has spent extensive time reporting from Iraq and Yugoslavia. He is currently a Puffin Writing Fellow at The Nation Institute. Scahill is the author of Blackwater: The*

*Rise of the World's Most Powerful Mercenary Army.*

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