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# Congress of the United States

## House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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March 1, 2012

Lynne M. Halbrooks  
Acting Inspector General  
Office of the Inspector General  
U.S. Department of Defense  
4800 Mark Center Drive  
Alexandria, VA 22350-1500

Dear Ms. Halbrooks:

According to the enclosed article that appeared in yesterday's *USA Today*, the owners of the Department of Defense's (DOD's) top information operations contractor in Afghanistan, Leonie Industries, have liens for more than \$4 million in unpaid federal taxes on their homes and the company reportedly did not pay for essential services, such as heat and medical care, for its Afghan employees. I write to respectfully request that your office conduct an investigation into the serious issues that have been raised regarding Leonie Industries.<sup>1</sup>

It is deeply concerning that the same company whose owners are not meeting their tax obligations has been awarded Army contracts that could surpass \$130 million, according to the enclosed article. Families in my district and across the country are playing by the rules and struggling to make ends meet. Any taxpayer funds directed to companies owned by tax evaders is offensive to them and rightly so. As such, I believe an investigation is clearly warranted.

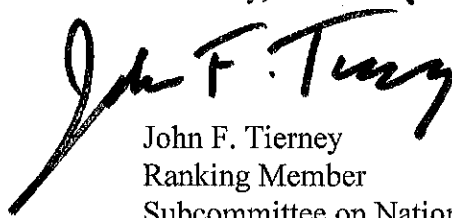
As the Ranking Member of the House Oversight Committee's Subcommittee on National Security, Homeland Defense and Foreign Operations I have worked tirelessly to root out waste fraud and abuse in wartime contracting. The serious issues raised in the enclosed article are potentially another example of the kind of egregious conduct that led to our Wartime Contracting Commission law and its ensuing report, as well as the Subcommittee's investigations into trucking and oil supplies in the Middle East.

<sup>1</sup> U.S. 'Info Ops' Programs Dubious, Costly, USA Today (Feb. 29, 2012).

Letter to Ms. Lynne M. Halbrooks  
March 1, 2012  
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Thank you in advance for your attention to this critically important issue.

Sincerely,

A handwritten signature in black ink that reads "John F. Tierney". The signature is written in a cursive style with a large, sweeping initial "J".

John F. Tierney  
Ranking Member  
Subcommittee on National Security, Homeland  
Defense and Foreign Operations

cc: The Honorable Jason E. Chaffetz, Chairman, Subcommittee on National Security,  
Homeland Defense and Foreign Operations

Enclosures

## **U.S. 'info ops' programs dubious, costly**

By Tom Vanden Brook and Ray Locker, USA TODAY

<http://www.usatoday.com/news/military/story/2012-02-29/afghanistan-iraq-military-information-operations-usa-today-investigation/53295472/1>

WASHINGTON – As the Pentagon has sought to sell wars in Iraq and Afghanistan to often-hostile populations there, it has spent hundreds of millions of dollars on poorly tracked marketing and propaganda campaigns that military leaders like to call "information operations," the modern equivalent of psychological warfare.

From 2005 to 2009, such spending rose from \$9 million to \$580 million a year mostly in Iraq and Afghanistan, Pentagon and congressional records show. Last year, spending dropped to \$202 million as the Iraq War wrapped up. A USA TODAY investigation, based on dozens of interviews and a series of internal military reports, shows that Pentagon officials have little proof the programs work and they won't make public where the money goes. In Iraq alone, more than \$173 million was paid to what were identified only as "miscellaneous foreign contractors."

"What we do as I.O. is almost gimmicky," says Army Col. Paul Yingling, who served three tours in Iraq between 2003 and 2009, including as an information operations specialist. "Doing posters, fliers or radio ads. These things are unserious."

Indeed, information operations are no panacea in crises such as the current showdown in Afghanistan after revelations that U.S. forces burned copies of the Quran, the Islamic holy book. NATO and Afghan forces have had little success in calming the country after a week of riots, attacks on U.S. and NATO forces and even a suicide car bombing.

The Pentagon's counterinsurgency manual — the guide to U.S. military policy in Afghanistan — urges commanders to "aggressively use" information operations to win over local populations and to "admit mistakes (or actions perceived as mistakes) quickly."

President Obama has apologized to Afghan President Hamid Karzai, and Gen. Martin Dempsey, chairman of the Joint Chiefs of Staff, has called the Quran burning a mistake. While the riots have subsided, it's unclear whether even the best information operations program could have stopped the growing rage over this incident.

As to whether the hundreds of millions of dollars spent in Afghanistan and Iraq have been worth the U.S. investment, the USA TODAY investigation found:

- The Pentagon's top information operations contractor in Afghanistan, California-based Leonie Industries, was started in 2004 by a brother-and-sister pair with no apparent experience working with the military. Camille Chidiac and Rema Dupont have more than \$4 million in liens on their homes and property for failure to pay federal income taxes. Leonie Industries has Army contracts that could surpass \$130 million; the Army has already paid them more than \$90 million.

- Contractors like Leonie plant unattributed broadcasts, plaster the countryside in war zones with billboards, stage concerts and drop leaflets with the intent of bending the will of civilians and combatants to U.S. aims. Contracts show that the companies often measure the effects of the propaganda they produce, essentially grading their own work, although the military reviews the metrics.

- In Afghanistan, the Pentagon continues to create at least 11 hours a day of what it calls "unattributed" radio and television programming. Information operators seek to tell Afghans who their real enemies are, why Taliban propaganda was wrong, what the Afghan government is accomplishing, how non-governmental organizations are helping them, and why they should serve in the security forces. Whether that's all worthwhile is open to debate.

Karl Eikenberry, the former U.S. ambassador to Afghanistan and a retired Army three-star general who led forces there, wrote the State Department in July 2009 to say that information operations campaigns that "focus predominantly on negative enemy operations may be counterproductive" because they emphasize the Taliban's success, scare the Afghan people and show that the Afghan government can't protect them.

In response to questions from USA TODAY, a senior Pentagon official acknowledged there have been abuses involving the program. "There has been such a desperate need to address communications vacuums that sometimes there has not been the proper coordination between thinking ahead what the mission is and the money that you apply to it," said the official familiar with the program who insisted on remaining anonymous to speak candidly.

Information operations have borne fruit in the months prior to the Quran incident, says Rear Adm. Hal Pittman who recently completed a tour in Afghanistan overseeing them. He pointed to surveys showing 90% of Afghans view their Army positively and 80% approve of national police.

"That's kind of the best measure of the effectiveness of whether or not these communication programs that we have in place are able to move the needle, so to speak," Pittman says.

There is little way for anyone without a secret or top secret security clearance to know how well the programs are working in places such as Afghanistan. A Pentagon inspector general report on information operations produced last March is classified.

### **Leonie Industries**

From the beginning of the Pentagon's information operations programs, military leaders have called for a dedicated career force specializing in that work. That need was detailed in a November 2005 Pentagon directive. By January 2011, little had happened, and then-

Defense secretary Robert Gates repeated that desire in another military-wide memorandum.

"In their communications with me, Combatant Commanders continue to stress the lack of adequately trained I.O. personnel," Gates wrote. "It is imperative to recruit, train, educate and properly track these individuals in order to provide the best possible resources to the war-fighter."

Untested was a fair description of Camille Chidiac, who's now 37, and Rema Dupont, now 46, when they started Leonie Industries in August 2004. Chidiac worked as an assistant director on a series of low-budget, direct-to-video movies, while his sister Dupont had been in the advertising business. Chidiac and Dupont declined requests for interviews, instead delegating a lawyer and spokesmen to answer questions from USA TODAY.

Dupont and Chidiac's first known military work came as part of a team of subcontractors working for SYColeman, a Virginia-based company running the Iraqi adviser task force (IQATF), which recruited local Iraqis and exiles to help spread pro-U.S. and coalition messages among the Iraqi public and share information with the military, according to Dupont and documents filed in two federal lawsuits.

By 2006, Chidiac and Dupont had each bought homes worth more than \$2 million on the west side of Los Angeles. They also fell behind on their federal income taxes, according to IRS and California real estate records. By early 2011, liens for more than \$4 million in unpaid federal taxes had been placed on both of their homes.

Both Chidiac and Dupont, through spokesmen, said they were in the process of repaying their back taxes and that their failure to pay their federal taxes for 2004, 2005 and 2006 stemmed from the difficulties surrounding the startup of a new business and payment problems involving their business partners.

Their failure to pay taxes shows the lack of accountability in Pentagon contracting, said Rep. John Tierney of Massachusetts, the ranking Democrat on the National Security oversight subcommittee, on Tuesday. "This must be fully investigated," he said, adding that "families and businesses are too pressed at home to ... have contracts rewarded to tax dodgers."

The Army, which has granted Leonie at least \$120 million in contracts in recent years, has both chided and praised the company for its work. Its employees have received commendations from the Army, and an Army contracting officer has given the company overall good grades, according to documents.

However, the Army also has had problems with Leonie Industries in Afghanistan. The company did not pay for heat for its Afghan employees or provide for their medical care in the cold and increasingly dangerous war zone. Army records obtained through the

federal Freedom of Information Act reveal that the Army threatened to drop Leonie's contract unless it fixed the problems, which the company eventually did.

"This failure to pay local Afghan vendors puts the mission and your employees at risk," Barbara Voss, an Army contracting officer wrote Leonie officials on Nov. 25, 2009.

Leonie responded, and the government was satisfied. Since then, Voss has filed reports saying Leonie Industries' "performance and product is (sic) highly valued by the customer," according a July 2011 assessment.

### **More money, more scrutiny**

The Army defines information operations to include psychological operations, deception, protecting vital data, electronic warfare, and computer network defense and attack. Over the past four years, the military has spent an average of \$96 million annually for information operations in Afghanistan. Overall, spending peaked in 2009 at \$580 million, dropped to \$355 million in 2011 and \$202 million in 2012, Pentagon data show.

Psychological operations, rebranded Military Information Support Operations in 2010, have accounted for the bulk of the spending increases since 2005, according to the Pentagon. It has also attracted congressional scrutiny.

In the federal spending bill for 2012 passed in December, Congress told the Pentagon it needed to detail the various information operations program it had and how much money it wanted to spend on them. That's been a problem for the Pentagon from the beginning.

"The Department can not currently identify what is spent on I.O. or even on specific core capabilities," said the Pentagon's October 2003 Information Operations Roadmap.

Authorized by then-Defense secretary Donald Rumsfeld, the plan was meant to guide the military's far-flung set of information operations programs across the globe. But an analysis of Pentagon spending shows that hasn't happened.

Money for the programs comes from a series of difficult-to-track accounts and goes to contractors whose identities are shielded from the U.S. public and who are known to only a small group of Pentagon insiders.

For example, the Pentagon used 172 different "contract vehicles" to provide information operations in Iraq between 2006 and 2008, according to a report by the Defense Department's inspector general in September 2009. The total spent was \$270 million. One payment of \$34.5 million in September 2008 was for a strategic media campaign. No documents could be found to show where the money was spent, who spent it and whether it accomplished the military's objectives.

Military officials acknowledge that spending has grown — "exponentially" for some information operations — at times without adequate oversight, though they maintain that has changed.

"The reason there has been growth is because the commanders in the field have realized, 'Holy cow, we've got to operate in this space,' " said a second senior Pentagon official who spoke on condition of anonymity. "How do we do translations? How do we do assessments? How do we do polling and focus groups? How do we gauge whether we're being effective or not, and how do we evaluate that? And then use that data to calibrate our continued engagement."

### **Selling virtues instead of products**

Information operations work like most giant marketing campaigns, as they use a combination of radio and TV broadcasts, leaflets, newspapers and entertainment to drive home their message. Instead of selling soap or cereal, information operators are selling Iraqi or Afghan citizens on the virtues of their governments, the need to report roadside bombs or how to switch sides from the insurgency to the government.

U.S. military and government reports obtained by WikiLeaks show that information operations campaigns often work in coordination with intelligence operations. After improvised explosive device (IED) explosions or sniper attacks, reports show, information operators would flood an area with anti-insurgent messages while intelligence operatives would fan into neighborhoods to gather information.

After an attack on a military convoy in Iraq in April 2009, Iraqis were told by information operators that "the true enemies of your nation are the criminals that continue to attack the brave security forces and soldiers protecting you and your families," a military report obtained via WikiLeaks shows. The message also asked citizens to call a tip line to report "any information that can lead to the arrest and conviction of these criminals."

In Afghanistan, information operations campaigns are often used to bolster local officials, who are viewed with suspicion by many Afghans because of their ties to corruption. A Feb. 10, 2010, cable from then-ambassador Eikenberry recounted a meeting between State Department and military officials with Abdul Raziq, an Afghan border police official.

Raziq, Eikenberry wrote, said he wanted to improve conditions on the Afghan-Pakistani border in Kandahar province and fight corruption. Coalition officials proposed a campaign including local radio spots, billboards and "if credible, the longer-term encouragement of stories in the international media on the 'reform' of Raziq, the so-called 'Master of Spin.' "

Retired rear admiral Greg Smith, who oversaw all communications programs in Afghanistan from 2009 to 2011 and prior to that in Iraq, says commanders have the

resources they need to "put out product, real time," either on their own or through a contractor. They then pay Afghan media outlets to deliver the message, he says.

In 2011, Pittman succeeded Smith and acknowledged that linking changes in behavior to a specific radio, TV or leaflet campaign has been difficult. But it has improved in the past seven months, he says. Contractors poll 13,000 Afghans from across the country every three months, and military officials analyze the results, he says.

"It's still difficult because communications is not cause and effect," Pittman says. "Considering that a tremendous amount of developmental work has been done to create measures of effectiveness that actually measure the efforts and can show an impact through polling."

Contract documents for at least a dozen information operations programs reviewed by USA TODAY show that the successful performance of a contract is measured more by output than effectiveness.

"How many messages were produced, how many leaflets were distributed?" Yingling says. "Those are variables that we can turn up and down with money. But that doesn't measure anything in the host-nation culture."

If the government does try to see whether a campaign actually works, military contract records show, it usually relies on the contractor to review itself, which is an inherent conflict of interest.

Yingling learned as a battalion commander in Iraq that the most effective information operations is identifying key community leaders and convincing them that they and the United States have shared interests. He cites Col. H.R. McMaster's work in 2005 taming Tal Afar, the northern Iraqi city that served as an early example of an effective counterinsurgency strategy.

"We're paying a lot of money to contractors to plant or get stories into the news, or influence local broadcasts," Yingling says. "Is that how critical decision makers (among the Iraqi or Afghan populations) are making their decisions? No."

### **Hiding the messenger**

Although hundreds of millions of U.S. taxpayer dollars have been spent on information operations, the hand of the United States is rarely apparent. And that's how the Pentagon wants it.

In Afghanistan, the military is "cranking out over 1,000 hours of TV and radio programming each quarter in both attributed and unattributed fashion," according to an April newsletter published by the command in Kabul. "Unattributed — meaning that some of our message can't be traced to the coalition, hence no preconceived prejudices resonate with the populace."



J.P. Morgan, the senior information operations adviser, wrote that the military also sponsored "many billboards across Afghanistan as well as posters" and "The Psyop Radio Network."

"The honest truth is that because we are outsiders and not Muslim, we have a lower believability and credibility rating than people within the Afghan government or Afghans," Pittman says. If possible, he says, the military prefers to send messages through Afghans or non-governmental organizations that work in Afghanistan.

Beyond leaflets and radio and TV shows, the military also pays for concerts to welcome home Afghan security forces from deployments, says Mike Holmes, a former Army information operations officer who helped plan the performances. The military picked performers who would sing nationalist themes to help build morale.

"We didn't lie," Holmes says. "We didn't say it was an Afghan production. But we didn't play it up as the brainchild of a couple of Americans sitting in an office somewhere."

Smith says the military generally produces the scripts for messages and manages the operation, but contractors produce the finished radio or television spots.

He estimates that 70% of the spots are broadcast on radio, 25% on television and the rest in print. While the messages come from the U.S. military, the voices that deliver them do not, Smith says.

"All of the voices, if you will, are local voices," he says. "There was never, as I recall, anything other than a local voice, somebody who people knew. They're hearing somebody they know and trust."