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COMMITTEE ON THE BUDGET

COMMITTEE ON EDUCATION  
AND LABOR

COMMITTEE ON TRANSPORTATION  
AND INFRASTRUCTURE

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October 5, 2011

The Honorable Bob Gibbs  
Chairman  
Committee on Transportation and Infrastructure  
Subcommittee on Water Resources and Environment  
329 Cannon House Office Building  
Washington, DC 20515

Dear Chairman Gibbs:

By now, you have most likely read the news reports about allegations of fraud, bribery, and kickbacks in excess of \$20 million that took place involving employees of the U.S. Army Corps of Engineers (Corps). I am sure that you share my concern on how this alleged activity was able to occur over such a long period of time and what potential impacts these stolen funds have had on the overall Corps' program.

According to press reports, two employees of the Corps are alleged to have worked with outside private contractors to defraud the U.S. taxpayers out of millions of dollars. These reports allege that Corps employees "received kickbacks in exchange for directing government contacts to a subcontractor specializing in software encryption devices and other information technology."

According to an Associated Press story, "this scheme, which authorities say spanned about four years, involved phony and inflated invoices for government contracts and millions of dollars in kickbacks that were funneled through a network of shell companies in the United States and around the world."

Further, these Corps' employees are alleged to have used the kickbacks to purchase "millions of dollars worth of BMWs, Rolex and Cartier watches, flat-screen televisions, first-class airlines tickets and investment properties across the globe." From what I have read, thus far, I would agree with the statements of Federal prosecutors that this is "one of the most brazen corruption schemes in the history of federal contracting."

As the primary House Subcommittee of jurisdiction over the Corps, I recommend that we schedule an immediate oversight hearing on these allegations to investigate what happened and how these activities could have gone unnoticed for so long. This oversight hearing should also explore what affirmative steps are being undertaken by the Corps to safeguard against similar abuses of the public's trust and finances, both potential ongoing abuses as well as into the future.

Finally, in this time of enhanced scrutiny and discipline about how the Federal government spends money, the Subcommittee should examine the potential loss of honest-paying jobs that resulted from the millions of dollars allegedly stolen from the taxpayers.

Again, I am sure you share my concerns on these allegations, and will work with me to uncover the facts related to these recent reports and ensure that such actions, if proven to be true, can never happen again. I look forward to discussing this with you further.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Tim Bishop', with a stylized flourish at the end.

Tim Bishop  
MEMBER OF CONGRESS

CC: Hon. John L. Mica, Chairman, Committee on Transportation & Infrastructure  
Hon. Nick. J. Rahall, Ranking Member, Committee on Transportation & Infrastructure