

Part One: Dirty Tricks, Inc.

The DynCorp-government connection

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March 20, 2002—Organized White-Collar Crime is the absolute essence of Mega-Corporate-Government Business.

As Jim Hougan wrote in his landmark book, *“Spooks: The Haunting of America—The Private Use of Secret Agents,”* “With their cultural and career investments in upholding the stereotype of the Mafia as the vehicle of organized crime, the public and the press have generally failed to grasp the felonious nature of the outfit’s WASP counterparts on the Big Board. Whereas some petty hoodlums put out contracts on individuals, the multinationals have begun to place contracts on entire countries (for example, ITT versus Chile). With that difference, their operational styles are similar: offshore laundries used to wash bribes paid in clandestine support of a sales effort designed to create and satisfy the potentially lethal addictions of their would be customers. Whether the product is heroin or Starfighter jets, the result is often the same: profits that corrupt and impoverish . . . In short it appears that some multinationals had evolved into genuinely criminal enterprises.” (p. 441)

Likewise, outsourcing State Terrorism is the fastest growing segment of the US Government market. In fact, white-collar criminal activities, like Federal IT, or Information Technology, which involves “privatizing” the financial database management of government agencies, accounts for some of the most lucrative contracts available anywhere on earth.

The practice of privatizing (using private companies for government work) has been long exploited by the CIA and the Pentagon, who like to use proxies, like contractors or mercenaries, to fight their covert wars.

The benefits for federal agencies include “plausible deniability” with respect to assassination and drug trafficking, as well as the ability to bypass the Military Code of Honor and the accords of the Geneva Convention, which hold “official” combatants to a different standard.

In other words, by privatizing “dirty tricks,” a federal agency cannot be held liable to the standards one would expect of, well, the US Government.

Acting as one of the US Government’s primary privatized Dirty Tricks Divisions, DynCorp has become one of the leading prime federal contractors, reaping a global harvest of shame and disgrace.

The Murky Origins of DynCorp

And where did DynCorp come from?

In the apocryphal story, DynCorp began as an Air Force contractor in 1954. Since then, however it has garnered a reputation as a shadowy company with a spooky pedigree, rumored to be a CIA “cutout,” or front company, for the agency’s dirty tricks.

Using high-level government insider connections, DynCorp provides a range of “services” one would expect to facilitate fraud and money laundry activities, acting like a virtual conduit between the corporate (private) and government (public) worlds.

According to DynCorp, the US Government is its biggest client, accounting for more than 95 percent of its revenues.

After it gobbled up GTE Information Services LLC in 1999, DynCorp has become one of the nation’s largest Federal contractors for IT, or Information Technology, services. Along with Lockheed Martin, SAIC, AMS, and others, DynCorp contracts with federal government agencies to “manage” federal databases.

DynCorp’s clients include the Drug Enforcement Agency, the Department of Defense, Department of State, Department of Justice, Internal Revenue Service, Securities and Exchange Commission, FBI, CIA, and HUD—all government agencies notorious for rampant, unchecked and egregious fraud.

For example, the Pentagon cannot account for a mind-boggling \$2.3 trillion. In fact, at Secretary of Defense Donald Rumsfeld’s confirmation hearing in January 2001, Sen. Robert Byrd wondered aloud, “How can we seriously consider a \$50 billion dollar increase in the Defense Department’s budget when the DoD’s own auditors cannot account for \$2.3 trillion in transactions?”

After September 11, of course, fresh fraud at DoD will become virtually limitless because of the new “War on Terrorism,” a black hole of a boondoggle that may surpass even the “Cold War” in Pentagon corruption, waste and malfeasance.

Meanwhile, HUD cannot account for \$59 billion, according to the testimony of former HUD Inspector General Susan Gaffney. (See “Why Is \$59 Billion Missing from HUD?” by Kelly O’Meara, Insight Magazine)

Coincidentally, that was the year that “HUD Taps DynCorp for Services,” according to a Washington Post headline from August 2, 1999, describing a new \$51 million contract to provide desktop services to the Office of Inspector General at Housing and Urban Development.

Even more sinister is the fact that DynCorp manages email and information systems for many federal investigative agencies like FBI, DOJ and SEC. What does that mean? Whenever criminal behavior is detected, DynCorp controls the information, giving it de facto power to subvert the process of law and cover up corporate-government criminal activities.

And guess who is DynCorp’s auditor of record?

It’s none other than Arthur Andersen, the best Corporate Cooking-the-Books-and-Shredding-Documents firm money can buy. If this Big Eight Firm did it for Enron, you can bet they’re doing it for most of their other clients.

Corporate Insiders at the Government Trough

So who's minding the store at DynCorp?

The sordid cast of characters includes Herbert S. (Pug) Winokur, member of the Council on Foreign Relations, as well as a director of DynCorp since 1988, according to a May 9, 2001 Proxy Statement.

By the way, the Council on Foreign Relations, which has been liberally described as a think tank, is actually "a clearinghouse for the really choice frauds," according to whistleblower Al Martin, author of *"The Conspirators: Secrets of an Iran Contra Insider."* <<http://www.almartinraw.com>>

In fact, Winokur was the also chairman of the board of DynCorp from 1988 to 1997.

So here is the connection between criminal corporate and government networks.

Winokur is also on the board of directors of Enron—the notorious slush fund/ money laundry disguised as a corporation. It should be noted that Enron has declared bankruptcy after paying corporate insiders hundreds of millions of dollars for their "services."

As the chair of Enron's Finance Committee, Winokur approved the creation of more than 3,000 offshore limited partnerships and subsidiaries, used by the corporation to hide losses from derivative trading, other bogus transactions and money laundering.

Winokur is also a director of Harvard Management Company and a member of Harvard Corporation.

Harvard, of course, has all the trademarks of a highly successful money laundry, but is cleverly disguised as a prestigious "educational institution." Its endowment fund rose remarkably from \$5 billion to \$19 billion in just 6 years.

(Imagine if *you* could get that kind of return.)

Winokur also has the ability and the means to coordinate money flows in and out of offshore slush funds with little or no public supervision—as chairman and CEO of Capricorn Holdings, Inc., a "private investment company" and managing general partner of three Capricorn Investors Limited Partnerships "concentrating on investments in restructure situations." That's code for "bottom feeding" on so-called "distressed" properties.

As far as DynCorp is concerned, though, there's Winokur's pal, Dudley Mecum, DynCorp director since 1988, who just happens to also be the managing director of Winokur's Capricorn Holdings Inc., as well as CitiGroup, the New York banking conglomerate, convicted of serial money laundering and other criminal offenses.

The DynCorp board itself is filled with so many shadowy characters that the company could be rightly considered a retirement/ slush fund for former spooks and military honchos.

They include General P.C. Carns, a retired US Air Force general who served as vice chief of staff and as director of the Joint Chiefs of Staff. According to the DynCorp Proxy statement, Carns is also a member of the Defense Science Board and the Board of Advisors, National Security Agency.

Then there's General Russell E. Dougherty, director since 1989, whose term as director expired in 2001. He was an attorney with the law firm of McGuire, Woods, as well as a retired US Air Force general, who served as Commander in Chief, Strategic Air Command and Chief of Staff, Allied Command, Europe.

Who needs a pension when you have the coffers of the government open to you?

Dirty Business, Dirty Clients

One of the DynCorp's biggest clients is the US Department of Justice. The ironically named JCON (Justice Consolidated Office Network) also awarded DynCorp a \$500 million contract to design, implement and manage an integrated hardware and software program as early as 1996.

Reliable inside sources claim that a new improved PROMIS software with increase real-time tracking capabilities has also been used by DynCorp in recent times. By all accounts, it comes in very handy when you're trying to coordinate government interagency fraud.

JCON after all is available to Executive Attorneys (USA), Executive Office for US Marshals, Executive Office for Immigration Justice Management Division, Office of the Solicitor General and the six litigating divisions including Civil, Civil Rights, Environmental, Tax Criminal, and Anti Trust Divisions of the US Department of Justice.

Between its DoJ contracts (PROMIS) and HUD contracts, it's not unlikely that DynCorp may have had the ability to falsify evidence of HUD system email and offshore accounts. After all, DynCorp is also in charge of so-called asset seizure (forfeiture) programs for HUD and Treasury.

DynCorp's sweet contract deal with JCON is the ultimate insider scam. The fed-speak for it is "a single-vendor indefinite delivery, indefinite quantity contract."

Another major client of DynCorp is the FBI. DynCorp will do a \$51 million upgrade of the FBI network for the information technology and transport network components of its Trilogy program, a \$300 million, three-year initiative to update the FBI backbone network. By the way, the notorious Andersen will be doing the audit. Imagine how many documents will be shred in that deal . . .

DynCorp's RICO Problems

According to Washington Technology Magazine (April 2, 2001), DynCorp's revenue for 2000 was more than \$1.8 billion, up from \$1.4 billion in 1999. Its contract backlog at the time was \$6 billion, and about half of DynCorp's revenue comes from the Department of Defense.

With little or no public scrutiny, DynCorp has acted like a white-collar organized crime outfit. Besides being a federal contractor with insider deals for rigging computer systems to facilitate government fraud and malfeasance, whistleblowers working in Bosnia have revealed that

DynCorp supervisors are engaging in sex slavery and prostitution of local 12-year old girls. [See "DynCorp's Disgrace" By Kelly O'Meara, Insight Magazine <<http://insightmag.com/main.cfm?include=detail&storyid=163052>>]

In *Johnson v. DynCorp Inc., et al*, DynCorp employee Ben Johnston alleges that his former employer breached his three-year contract, firing him without cause in June 2000 because of Johnson's whistleblower activities. The lawsuit alleges that DynCorp engaged in racketeering activities in violation of the RICO, the Racketeer Influenced and Corrupt Organizations Act, and that Johnson was fired because he refused to commit an illegal act.

The suit alleges that DynCorp engaged in peonage and slavery, sexually exploiting children, dealing in obscene material and procuring fraudulent identification documents for the underage victims. When Johnston told his DynCorp supervisor that co-workers were buying women from the Mafia, he was told to mind his own business.

Johnston is not the only DynCorp employee to blow the whistle on Dirty Works, Inc., otherwise known as DynCorp. A UN International Police Force monitor called Kathryn Bolkovac has also filed a lawsuit in Great Britain against DynCorp for wrongful termination.

Bolkovac discovered that DynCorp, whose \$15 million contract to train police officers in Bosnia, had officers who were also participating in sex- trafficking.

And you'd think that government fraud would be enough?

Next: DynCorp Drug Trafficking and Cover-Up?

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