

[Back to Fraud Information Articles](#)

© July/August 2006  
Association of Certified Fraud Examiners

## Persistent Sentinel

### An interview with Bunny Greenhouse, recipient of the 2006 Cliff Robertson Sentinel Award

---

By Dick Carozza

---

*From the July/August issue of  
[Fraud Magazine](#)*

***As the top civilian in charge of contract procurement in the U.S. Army Corps of Engineers, Bunny Greenhouse says she saw contract abuse leading up to the Iraq War. She went public with her accusations and says she was demoted for her honesty.***

**B**unny Greenhouse says "by virtue of birth, I grew up in a financially poor - but lovingly rich - family setting." Her father only finished the first grade and her mother, the sixth. But as they raised Greenhouse and her five siblings in the racially segregated town of Rayville, La., they "had a dream and the love and drive to make it reality that all of their children would become the best of whatever we could become; we had no choice if we were to remain under their roof," Greenhouse says. Their efforts paid off. Two of the Hayes kids received doctorates, two are small-business owners, and another became one of the best players in the National Basketball Association.<sup>1</sup>

Bunatine Greenhouse earned a bachelor's degree and three master's degrees, and rose to become the highest-ranking civilian at the U.S. Army Corps of Engineers (USACE). In 1997, Lt. Gen. Joe Ballard, the Corps' commander, hired her as the principal assistant responsible for contracting, or the PARC. She says Ballard gave her the responsibility of addressing an entrenched "good old boys" contracting culture that she says had been going on for more than 100 years. Greenhouse says she encountered opposition but still enjoyed Ballard's support and for three years she says her job reviews were the highest possible. But when Ballard left in 2000, she says, "the new command was poised to return to the good old days when contracts were awarded based on relationships commanders had with the industrial community."

In the lead-up to the Iraq War, she protested that the Corps gave Kellogg, Brown and Root (KBR), a subsidiary of Halliburton, a no-bid, sole-source "emergency" contract to provide services in Iraq for two years and possibly five years. Greenhouse says she believed that the contract should be limited to one year. On the final contract, she wrote in ink her strong reservations.

(Later a Haliburton spokesperson said that her claims of overcharges were "misinformed" and the company "undertook substantial efforts - including two competitive procurement processes - to ensure that it was paying the lowest possible price."<sup>2</sup>)

Greenhouse reported her charges against the Corps at a Senate Democratic Policy Committee Hearing on June 27, 2005, hired a lawyer, and spoke to the national media. (See <http://democrats.senate.gov/dpc/dpc-hearing.cfm?A=22>)

Earlier, in October 2004, four days after Greenhouse briefed Ballard's replacement about the alleged improprieties, the new commander gave her his first letter that said she would be

removed from her PARC position and demoted to a GS-15 level but with an opportunity to retire immediately. That was overturned on Oct. 21, 2004 when Greenhouse's attorney wrote to the acting secretary of the Army requesting an investigation. The acting secretary directed an independent Department of Defense Inspector General investigation and halted all actions to Greenhouse. Greenhouse also filed a formal request for investigation to members of Congress.

However, in July of 2005, the Corps commander told her that he was completing what he had begun in the fall. She would be removed from the Senior Executive Service (SES) and from her PARC position and demoted to a GS-15 program manager - this time with no opportunity to retire and no reinstatement rights to the SES. In August of 2005, three Congressional Democrats sent a letter to Defense Secretary Donald Rumsfeld that said that her demotion "appears to be retaliation" for her Congressional testimony.

Greenhouse says that she hasn't seen any evidence that the Department of Defense has responded to the letter by the Congressional Democrats. "And I certainly have not been contacted by any investigative body regarding the unlawful demotion of my rank," she says. Meanwhile, she continues to appeal her case as she works "in a cubicle in a dark corner totally out of the mainstream of the workforce. I am barred totally from all major missions of the Corps. ... Regardless of the consequences, I am proud to be called a whistle-blower."

Greenhouse spoke to Fraud Magazine from her home in Virginia. She says that she answered the interview questions in her personal capacity as a citizen and not as a civil servant. Greenhouse says that she is in no way attempting to represent in her answers the official opinions of the U.S. Army Corps of Engineers, the U.S. Army, or the Department of Defense.

***The ACFE's Cliff Robertson Sentinel Award is presented to recognize annually the selfless act of coming forward for the sole purpose of righting a wrong. The award carries the inscription, "For Choosing Truth Over Self." What are your thoughts about being chosen the 2006 recipient?***

Being the recipient of the ACFE Cliff Robertson Sentinel Award humbles me because I was only doing the job that I took an oath of office to do. I believe this award recognizes the issues that I faced and honors my unwavering efforts to keep my focus on the "point of the spear" of the job I committed to regardless of the consequences. In my job as principal assistant responsible for contracting, federal law says that government business must be conducted in a manner that is impartial, nonpreferential and above reproach. I am a public servant and I took that directive seriously.

***It seems that you come from a family of high achievers. Can you tell me a bit about your family background?***

I often reflect now on how happy I was as a child and a teenager even though today's standards for happiness were not a part of my experience. I lived on the other side of the railroad tracks from where white families lived in my southern town of Rayville, La. But living across the tracks gave me a vision of what could be and that it was left to me to change my destiny. I was never allowed to pity where I was but to use every experience of where I was as a defining springboard for where I was going. I was afforded parents who even though not fortunate to be educated themselves - my father, Chris Hayes, only finished first grade and my mother, Savannah McClain Hayes, finished sixth grade - had a dream and the love and drive to make it reality, that all of their children would become the best of whatever we could become; we had no choice if we were to remain under their roof. They constantly reviewed their plight with us and that our success was not looking at the evils of the world but getting an education to overcome the evils of our worlds. They created a competitive world among us, fashioned in love, which they showed to us with their meager resources, honest hard work, their personal sacrifices, their small rewards to us and celebrations of every accomplishment. They insisted that participating in Sunday school and serving in church was our duty to give honor to God for His grace and sustainment of us for some higher purpose in life. Achievement took the priority in our lives, and even though the road was not always direct in getting to our goals, we learned to keep on striving.

***Lt. Gen. Joe Ballard, the 49th Commander of the Army Corps of Engineers, hired you in 1997 to oversee contracts at the Corps. Can you talk about the reasons he gave for hiring you?***

Eight years ago, I joined the ranks of the Senior Executive Service when, as part of a competitive selection process, I became the Army Corps of Engineers procurement executive. Improper contracting practices were the norm when I took my oath of office and was sworn in as the Army Corps of Engineer's PARC. Lt. Gen. Ballard, who was truly committed to honesty and integrity, gave me the responsibility of addressing an entrenched "good old boys" contracting culture that could be typified as casual and clubby contracting practices that had been going on for more than 100 years. My job was to revolutionize contracting and bring fairness and the highest degree of integrity into the contracting process at the Corps.

***How were you treated at the Army Corps of Engineers in the years before the Iraq War contracts?***

Shortly after I was sworn in as the PARC on June 9, 1997, I distributed my philosophy to the commanders, directors, office chiefs and globally to all of the Corps communities - headquarters, divisions, districts, centers, laboratories, etc. In that statement I said that my goal was simply to ensure that best procurement and contracting practices would be followed, which supported the attainment of the vision laid out by the chief of engineers.

The institutionalized change I was ushering into the Corps caused the old boys' network to consider me as a power that needed to be neutralized. With the retirement of Lt. Gen. Ballard in 2000, the commander who hired me, followed by the ramp-up to the Iraq War, the new command structure was poised to return to the good old days when contracts were awarded based on relationships commanders had with the industrial community. So my efforts to obtain full compliance with contracting requirements and my ability to continue to chip away at the clubby and casual contracting practices were no longer the skill set wanted by the Army Corps command. The new commander, could not ignore the hard work that I was doing and the procurement and contracting expertise that I had entrenched in the Corps. In fact, he told me that I was the hardest-working SES [Senior Executive Service employee] that he had in the Corps. In his first performance rating he gave me a Level 1 rating for my services and accomplishments to contracting in the Corps. But the next rating was initially proposed as a Level 5, a failing rating. But during the period from the Level 1 performance rating in the previous year to the proposed Level 5 performance rating the next year, along with a proposed removal from the Senior Executive Service, I was never accused of having engaged in any act of impropriety. I was never called on the carpet to defend my actions or inactions for any business judgment I made during the contracting process. Having the responsibility to award and manage \$23 billion in contracts annually, I successfully executed every contract commitment on time during my tenure. However, things came to a head as the ramp-up to the Iraq War led to the improper awarding of billions of dollars of no-bid, no-compete contracts to Halliburton. The no-bid contracts awarded to Halliburton were immorally exclusionary and contrary to contracting guidelines at every level.

***You raised a concern over the basis used to justify the selection of KBR as the sole source contractor for the Restore Oil Contract (RIO) contract. What was your concern and how did the Army Corps of Engineers justify the selection of KBR?***

I believe I should make it crystal clear that I have no aversion to no-bid, sole-source contracts when they are valid in accordance with the exceptions to competition that regulation allows. My responsibility was to validate the sole-source justification for the best interest of the public trust. That said, in my initial review of the single source (one and only one source justification), I found that the government said that KBR was uniquely qualified to do this job when actually other firms could have done it as well. In a meeting [Feb. 26, 2003, at the Pentagon, three weeks before the Iraq invasion] where KBR was present, there were broad stratifications on budgetary projections and strategy discussions far beyond what KBR should have been privy to because the discussions should have been governmental in nature. Had those discussions continued, KBR could have obtained advantage in follow-on work. That is why I whispered into Lt. Gen. Carl Strock's ear [Strock at the time was the director of military programs and the Corps' program manager for the RIO effort] that the KBR team should leave the meeting. It appeared that no one else in the room was recognizing that there was potential advantage for KBR had they continued in the meeting in the direction it was being conducted. All of the efforts and the multimillions of dollars were all awarded to KBR in a sole-source environment.

Because KBR had been paid approximately \$2 million to develop a contingency plan [on how the government would administer the plan to extinguish the Iraqi oil well fires after the troops entered the country], KBR should have been excluded from any follow-on work that evolved from

the execution of that plan. Normally in government procurement when a firm develops an economic analysis or a contingency plan, the firm makes a conscious decision to be excluded from any follow-on work that evolves from the analysis or plan and the firm accepts a clause in the contract for such exclusion. But instead KBR was to obtain follow-on contracts and those contracts all no-bid ones; the contract was to cover a period of five years (a duration of two years and three one-year options). I believed only one year was necessary for a contract defined as a "bridge contract" under emergency conditions; a bridge with a potential after-award for five years was totally intolerable and not in the best interest of the public trust and those firms that could have been immorally excluded for five years. But the potential five-year duration of the sole-source contract was unchanged when it was presented to me for signature, so I did the best thing that I could have done to protect the integrity of the procurement and the best thing for all of the stakeholders in the public trust: as I said before, I wrote my concerns and reservations directly on the official document. I also placed my reservation so that the folks at the Department of Army headquarters who had final review and signatory would review that reservation and either discuss with me or clearly see the merits of it and not give final approval to the sole-source document for not more than one year. But that did not happen nor did I get a call to discuss my handwritten note above my signature.

***The Army Corps of Engineers demoted you, as they reported, because of "poor job performance." You obviously disagree. Why do you think they demoted you and what were the steps that led up to that demotion?***

Let there be no mistake, I was downgraded in performance and removed because I did my job too well. Indeed, at the point in time I was removed from my position and demoted, I had single-handedly spearheaded a revolution in the Defense Base Act (DBA) Insurance requirement of law under the Department of Labor that will save the government hundreds of millions of dollars. ... One recent premium action under my DBA insurance effort has saved the government \$1.835 million.

My removal from office continues to have a chilling effect on the government contracting community. I took great pride in the fact that my past accomplishments were viewed with enthusiasm within the federal contracting community. My removal serves to clarify that the power structure will no longer tolerate efforts to curb contract abuse. Contracting officers in the Army Corps are under siege. The message also of retaliation was magnified when the Army Corps singled out the two most competent and dedicated chiefs of contracting I brought into the Corps by removing them from government service because they chose loyalty to their commitments to the laws and regulations of contracting, given to us by Congress, over loyalty to their commanders and not comply to those laws and regulations.

I voiced strong objections to the contract abuse I witnessed in the ramp-up to the Iraq War and questioned the award of billions of dollars in no-bid, cost-plus contracts. My objection to the award of huge no-bid contracts to Halliburton and publicly testifying about the contract abuse I witnessed cost me my career. Because I did my job too well and because I failed to support the cronyism and the good old boys' mentality that remains a considerable force in Army contracting, I lost my job.

***In August of 2005, three Congressional Democrats sent a letter to Defense Secretary Donald Rumsfeld writing that your demotion "appears to be retaliation" for your June 27 testimony before Congress. They asked that he investigate your demotion. Do you know if anything ever came of that request? Are your supporters still trying in other ways to get you reinstated to your previous position or has that effort died on the vine?***

I have not seen any evidence that Defense Secretary Donald Rumsfeld ever responded to the letter sent to him by the three Congressional Democrats, and I certainly have not been contacted by any investigative body regarding the unlawful demotion of my rank from SES [Contracting] to GS-15 [Program Management] and my total removal from Contracting, which was conducted by the U.S. Army Corps of Engineers.

***What is your situation now at the Army Corps of Engineers? What kind of work are you doing?***

At my transition from the Office of the PARC to the Directorate of Civil Works, Engineering and

Construction [E&C] Division, I was demoted, as I said, from Senior Executive Service Contracting to a GS-15 program manager. My job title for the E&C Office is special assistant to the chief, engineering and construction for acquisition. Every action toward me is to provide as much humiliation as possible. When I was the PARC, I was a director, but now I am under the direct supervision of an SES who is a division chief and who was subordinate to me when I was a director. I am now down the hallway from my PARC office in a cubicle in a dark corner totally out of the mainstream of the workforce. I am barred totally from all major missions of the Corps and not included in the meetings of the major endeavor of responsibility - assessing the causes of the levee failures in New Orleans. I am treated like a non-person, which is a sad situation for the government, because I had been an SES for eight years in the Corps and contributing to all corporate mission requirements.

***Some individuals thought that you criticized Halliburton (formerly headed by Vice President Dick Cheney) because of possible partisan views. What are your thoughts on that?***

I am a civil servant, and politics could not enter into the business that I was responsible for conducting for our government in the U.S. Army Corps of Engineers. I have in no way any partisan relationships, affiliations or commitments - I am just a civil servant trying to support the national defense objectives of our nation and our Administration with the highest caliber of expert advice and the highest degree of integrity. At the time of my actions, I never thought of Vice President Cheney's prior connections to Halliburton or Kellogg, Brown and Root. I never targeted KBR for special scrutiny. It just happened that I had to raise issues regarding Halliburton that were contrary to the guidelines of proper procurement and contracting practices - practices that I could not tolerate.

***Do you view yourself as a whistle-blower or just someone who was trying to do her job well?***

Humbly, I thought of myself as just someone who was trying to do my job to the best of my ability, giving every fiber of my being to protect the public trust and making sure that at all times that the nation and our war fighters were getting the best value for the goods and services that would get them to the battlefield and provide them the facility to fight and to win. That's a contribution that I was able to make as a civilian leader in the business of contracting and that made me proud that I had the privilege to serve in a way that truly made a difference since the Senior Executive Service makes up the highest echelon of civilian servants in government. ... The term whistle-blower is widely misunderstood. A whistle-blower is one whose loyalty is to the truth. A whistle-blower is one who exposes government and corporate misconduct, violations of the law, threats to the public safety, or actions that violate the law. ... Regardless of the consequences, I am proud to be called a whistle-blower and I am proud to have the courage to be loyal to the truth. Integrity in government is not an option; it is an imperative.

1. For the curious sports fans: Elvin Hayes, former center for the San Diego/Houston Rockets and the Baltimore/Capital/ Washington Bullets
2. Neely Tucker. "A Web of Truth." Washington Post. Oct. 19, 2005.

---

Dick Carozza is the editor of *Fraud Magazine*. His e-mail address is: [dcarozza@ACFE.com](mailto:dcarozza@ACFE.com).

---

The Association of Certified Fraud Examiners assumes sole copyright of any article published in *Fraud Magazine*. *Fraud Magazine* follows a policy of exclusive publication. Permission of the publisher is required before an article can be copied or reproduced. Requests for reprinting an article in any form must be e-mailed to: [FraudMagazine@ACFE.com](mailto:FraudMagazine@ACFE.com).