

Washington, DC - The Bush administration has retreated in its proposal to exempt overseas contractors from reporting fraud after Rep. Peter Welch (VT-AL) initiated a congressional investigation last month.

Welch first [called for](#) the investigation through the Oversight and Government Reform Committee, on which he serves, on March 7, after learning of the loophole.

"This investigation proves why congressional oversight is essential. Whether through my legislation or a new rule, we will close this multi-billion dollar loophole," said Welch. "The question is why it required a congressional investigation to prevent the Bush administration from giving overseas contractors a free pass to defraud taxpayers. It defies common sense."

In addition to requesting the investigation, Welch also introduced The "Close the Contractor Fraud Loophole Act," H.R. 5712, to require all contractors, regardless of where the work is performed, to be subject to fraud reporting requirements.

The Subcommittee on Government Management, Organization, and Procurement will hold a hearing on the investigation initiated by Welch and on Welch's legislation tomorrow, Tuesday, April 15 at 2:00 p.m.