

*"Taxpayers are getting ripped off by no-bid contracts for the war in Iraq and Blackwater's obscene profits are just another example of how corrupt this war has become." - Rep. Welch*

WASHINGTON, D.C. - Late last week, Reps. Peter Welch (VT-AL), Reps. Chris Murphy (CT-5), and John J. Duncan, Jr. (TN-2) wrote to Erik Prince, CEO of Blackwater USA, to follow up on unanswered questions about the company from the October 2<sup>nd</sup> House Committee on Oversight and Government Reform hearing on private security contracting in Iraq and Afghanistan.

At the hearing, Welch, Duncan, and Murphy pressed Prince on his company's lucrative government contracts, its profit margin, and his salary. However, Prince refused to answer many of their questions.

In 2001, Blackwater's contracts with the United States Government were less than \$1 million. Since the Iraq war began, however, Blackwater's government contracts have spiked to over \$1 billion.

In the bipartisan letter, the members wrote, "As fiduciaries of the American taxpayer, it is our responsibility to ensure that federal funds are being expended in the best interest of the American people in an open and transparent process."

Specifically, the Members requested to know:

- The exact percentage of Blackwater's business that comes from U.S. government contracts. Prince testified that approximately 90 percent of Blackwater contracts were with the U.S. government.
- Prince's exact compensation from 2001 through 2006, including salary, retirement and deferred compensation, and all other benefits of any monetary value from The Prince Group, LLC, Blackwater and all related entities. Prince testified that his personal compensation from Blackwater in 2006 was "over a million dollars."
- The exact profit margin for the years 2001 through 2006 for The Prince Group, LLC, Blackwater and all related entities. Prince testified, under questioning by Duncan, that Blackwater's corporate profit margin was ten percent but was unsure of that figure in follow up

questions from Welch and Murphy.

Welch said, "It is clear taxpayers are getting ripped off by no-bid contracts for the war in Iraq and Blackwater's obscene profits are just another example of how corrupt this war has become. What we have seen until now is a complete disrespect for the taxpayer and a president willing to provide fat paychecks to private companies and then turn around and cut health care benefits from our soldiers."

"Taxpayers in my district and across the country are paying for 90 percent of Blackwater's business, so they deserve to have the facts on how their money is being spent in Iraq. And while Erik Prince is making millions of dollars off of government contracts, our soldiers' families are struggling to make ends meet here at home," said Murphy.

The House Oversight and Government Reform Committee held the hearing on October 2 to determine if Blackwater's presence is advancing or undermining U.S. efforts and the costs to U.S. taxpayers for the reliance on Blackwater and other private military contractors.

Duncan, Welch, and Murphy have requested that Prince reply to their letter by November 2, 2007.

The text of the letter is below:

October 11, 2007

Mr. Erik Prince  
Chief Executive Officer  
Blackwater USA  
P.O. Box 1029  
Moyock, NC 27958

Dear Mr. Prince,

We are writing to follow up on questions we raised at the October 2, 2007 House Committee on Oversight and Government Reform hearing that you were unable to answer without access to relevant records. As you will recall, at the hearing you said, "if you have written questions we'll give you written answers after the hearing is done." We thank you for that offer and write today to provide you with our questions.

It is our understanding that in 2001, Blackwater had government contracts worth \$736,906 and that from 2003 through 2006, Blackwater's government contracts increased to \$1,020,000,000.

As fiduciaries of the American taxpayer, it is our responsibility to ensure that federal funds are being expended in the best interest of the American people in an open and transparent process. It is with this in mind that we respectfully request that you provide written answers, as promised, to the following questions:

1. You testified that 90% of Blackwater contracts were with the U.S. government. Please delineate the exact percentage for the period of 2003 through 2006.
2. You testified that your personal compensation from Blackwater in 2006 was "over a million dollars." For the years 2001 through 2006, please delineate your total compensation, including salary, retirement and deferred compensation, and all other benefits of any monetary value from The Prince Group, LLC, Blackwater and all related entities.
3. You testified, under questioning by Representative Duncan, that Blackwater's corporate profit margin was ten percent but were unsure of that figure in follow up questions from Representative Welch and Representative Murphy. Please delineate all reported pre-tax profits for the years 2001 through 2006 for The Prince Group, LLC, Blackwater and all related entities.

We look forward to receiving your response no later than November 2, 2007 and thank you for your prompt attention to our request. If you have any questions, please contact either Representative Welch's office at (202) 225-4115, Representative Murphy's office at (202) 225-4476 or Representative Duncan's office at (202) 225-5435.

Sincerely,

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PETER WELCH  
Member of Congress

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CHRISTOPHER S. MURPHY  
Member of Congress

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JOHN J. DUNCAN, JR  
Member of Congress

cc: The Honorable Henry Waxman  
The Honorable Tom Davis