

Judicial Watch  
Because no one is above the law

## THE JUDICIAL WATCH BLOG

# \$6 Bil Vanishes From State Dept. Under Hillary Clinton

APRIL 07, 2014

In a mind-boggling example of how the government blows—or perhaps steals—our tax dollars, billions vanished from the U.S. State Department mostly while Hillary Clinton ran it, according to a new [alert](#) issued by the agency's inspector general.

Could the former Secretary of State be using the cash to fund an upcoming presidential campaign? In all, \$6 billion are missing and it's highly unlikely any of the money will ever be recovered. The cash was supposed to be used to pay contractors but it just disappeared and documents that could help track the dough cannot be located. How convenient! The paper trail, which federal law says must be maintained in the case of government contracts, has been destroyed or was never created to begin with.

How could this possibly happen? Like a lot of government agencies, outside contracts are a free-for-all at the State Department with virtually no oversight. Hundreds of millions of dollars are doled out annually for a variety of services and no one bothers to follow up on the deals. This “exposes the department to significant financial risk,” according to the State Department Inspector General, which issued a special management alert this month outlining the lost \$6 billion. The watchdog further writes that “it creates conditions conducive to fraud, as corrupt individuals may attempt to conceal evidence of illicit behavior by omitting key documents from the contract file.”

Among the examples listed in the memo is a recent investigation of the closeout process for contracts involving the U.S. mission in Iraq. Investigators could not locate 33 of the 115 contract files totaling approximately \$2.1 billion. Even of the files they found, more than half contained insufficient documents required by federal law. In one billion-dollar deal involving the State Department's Bureau of International Narcotics and Law Enforcement in Afghanistan, the actual contract was determined to be “incomplete.”

In one alarming case a contract file conveniently omitted that a \$52 million deal was

awarded to a company owned by the spouse of another State Department contractor employee performing as a specialist. In other cited cases a contracting officer actually falsified government technical review information in a \$100 million deal and a contracting officer's representative allowed nearly \$800,000 to be paid on a deal with no official documents to support the payment. It's the free-flow of public funds under extremely suspicious circumstances.

At the very least the State Department is violating its own policy, according to the inspector general, which divulges that it's found "repeated examples of poor contract file administration over the years." The watchdog confirms that "it is the Department's policy that all contracts, regardless of dollar value, be properly documented so as to provide complete record of: pre-solicitation activities; the solicitation, evaluation, and award process; and [sic] the administration of the contract through closeout."

This unbelievable report documenting the mysterious disappearance of \$6 billion from the coffers of a major government agency brings to mind a similar and equally enraging story reported by Judicial Watch a few years ago. The Pentagon somehow **lost \$6.6 billion** sent to Iraq for post-invasion "reconstruction."

The money was bundled in chunks of \$100 bills and transported in turboprop military cargo planes known as C-130 Hercules. About \$2.4 billion fit in each aircraft and 21 flights made trips, transporting a total of \$12 billion in American currency to Iraq. More than half the money has never been recovered, according to the Special Inspector General for Iraq Reconstruction.

A year later **nearly half a billion dollars in oil** destined for the Afghan National Army vanished. We will never know what happened because the Pentagon improperly shredded records that could have solved the mystery, according to a federal audit that exposed the fraud. The oil was part of a \$1 billion fuel program largely funded by the U.S. government, which of course, means it was mostly Americans who saw their tax dollars blown in yet another government corruption scheme.

Waste and fraud are par for the course in most bloated government agencies and JW has exposed a number of alarming examples over the years, both domestically and internationally. They involve practically all agencies, including the U.S. Department of Agriculture's (USDA) scandal-plagued food-stamp program, Medicare and Medicaid, the famously corrupt U.S. Agency for International Development (USAID) and President Obama's fraud-infested \$787 billion stimulus boondoggle, to name a few.

Sign Up for Updates!

\*

Subscribe

« « [Toward The Past: U.S. Has Long Failed to Protect Nuclear Weapon Stockpile](#)  
[Toward The Future: Sued for Fraud by DOJ, Security Co That Cleared Snowden Works for U.S. Immigration](#) » »  
[Tweet](#)

© 2010-2016 Judicial Watch, Inc. All Rights Reserved.