



Written by [Raven Clabough](#) on November 15, 2013

Billions of Taxpayer Dollars Funding Insurgents in Afghanistan

Data reveal that billions of American taxpayer dollars continue to fund questionable or openly corrupt contractors in Afghanistan. The findings underscore the inability of the American military to filter suspicious contractors from the thousands who work with the United States on a regular basis to build bases and transport supplies.



The *New York Times* reported that American investigators uncovered data surrounding the Zurmat Material Testing Laboratory, affiliated with the Zurmat Group, an Afghan company that “investigators say was paid to do work at an American-controlled facility in November 2012, despite having been blacklisted two months before by one part of the military for providing bomb-making materials to insurgents.”

This was brought to the attention of Defense Secretary Chuck Hagel by the special inspector general for Afghanistan reconstruction in a letter last week.

The *New York Times* [wrote](#):

According to other documents and a review of internal Pentagon communications obtained by *The Times*, the United States Central Command, which oversees the war in Afghanistan, requested in 2012 that Zurmat and its subsidiaries, along with more than 40 other companies and individuals believed to have ties to insurgents, be “debarred” by the Army. This would formally ban them from doing work for any part of the United States government.

At the time, officials estimated that those contractors had collectively been awarded more than \$150 million in work for the American-led coalition over a 10-year period.

Pentagon officials have reportedly refused to issue the bans, however, because they assert that they cannot present evidence against the companies and individuals since much of it qualifies as “classified intelligence.” Without being able to show the accused the necessary documents, debarment allegedly violates their right to due process.

Zurmat had been blacklisted in April 2012 by the Commerce Department following accusations that the company aided the Haqqani insurgent faction in Afghanistan. Following that, the military’s Central Command banned Zurmat from working on contracts within its area of operations in September.

As noted by the *New York Times*, however, that order did not immediately translate into warnings to other companies that may have been subcontracting work to Zurmat or its subsidiaries. Those warnings



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would be issued only if Zurmat were to be formally debarred by the Defense Department.

Since Zurmat has not been formally debarred, its employees were permitted access to the main American-run prison in Afghanistan, the letter indicates. In fact, Zurmat was hired to perform safety tests on the construction work done by CLC Construction, a contractor that had not been informed of Central Command's decision to bar the Zurmat Group.

"This lapse in security highlights the immediate need for a simple process to ensure that individuals and companies identified as supporters of the insurgency are prevented from accessing U.S.- and coalition-controlled facilities," the inspector general wrote to Hagel.

Lawmakers are understandably angry at the Pentagon's refusal to ban such contractors. "It's like we're subsidizing the people who are shooting at our soldiers," declared Senator Jeanne Shaheen (D-N.H.).

But while the use of taxpayer dollars to fund suspicious sources is seemingly just now coming to the attention of some lawmakers, others in the past have warned against taxpayer-funded terrorism. Former Texas representative and GOP presidential candidate Ron Paul wrote in 2001:

We should recognize that American tax dollars helped to create the very Taliban government that now wants to destroy us. In the late 1970s and early 80s, the CIA was very involved in the training and funding of various fundamentalist Islamic groups in Afghanistan, some of which later became today's brutal Taliban government. In fact, the U.S. government admits to giving the groups at least 6 billion dollars in military aid and weaponry, a staggering sum that would be even larger in today's dollars.

Our foolish funding of Afghan terrorists hardly ended in the 1980s, however. Millions of your tax dollars continue to pour into Afghanistan even today.

This is not the first time that investigators have discovered taxpayer money being funneled to questionable individuals and groups.

In 2011, a U.S. military report [revealed](#) that the United States had been funding its enemies to the tune of approximately \$360 million. After a careful examination of combat support and reconstruction contracts, researchers determined that U.S. tax dollars had ended up with the Taliban and other enemies whom the United States has been fighting for the past decade.

The Blaze noted at the time that report was released:

The losses underscore the challenges the U.S. and its international partners face in overcoming corruption in Afghanistan. A central part of the Obama administration's strategy has been to award U.S.-financed contracts to Afghan businesses to help improve quality of life and stoke the country's economy.

The investigation into the contracts, led by U.S. Army Gen. David Petraeus, revealed many connections between the Afghan companies and their subcontractors to groups that the military would classify as "malign actors."

According to the Associated Press, the fact that the money wound up in the hands of America's enemies is a result of "reverse money laundering," in which the United States makes payments to companies — hired by the military for construction, fuel, and other services — which in turn have ties to criminal networks and insurgents.

One of the investigative documents reported, "Funds begin as clean monies, [but] either through direct



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payments or through the flow of funds in the subcontractor network, the monies become tainted.”

According an unnamed senior military official, only a small percentage of the money has ended up in the hands of the Taliban, while the rest was lost through bribery, extortion, or profiteering by criminals. The official did not wish to break down the percentages, however.

The Blaze wrote that while \$360 million is a “fraction of the \$31 billion in active U.S. contracts,” it is certainly enough for the insurgents, who “require little money to operate.”

Likewise, the findings confirm what the International Crisis Group (ICG) refers to as a “nexus between criminal enterprises, insurgent networks and corrupt official elites.”

That report also revealed that contractors regularly engaged in profiteering by creating “dummy companies.” Likewise, a number of contracts dealt with “power brokers,” a common term in Afghanistan for one who uses his political and business connections to advance his own interests. One unnamed power broker, according to the investigation, received payments from a contractor doing business with the United States for over two years, and then funneled millions to the owners of an unlicensed money exchange service used by insurgents.



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