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CENTRAL DISTRICT OF CALIF.  
LOS ANGELES

BY \_\_\_\_\_

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7  
8 **UNITED STATES DISTRICT COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA**  
10 **WESTERN DIVISION-**

11 UNITED STATES OF AMERICA )  
12 BENJAMIN CARTER, )

13 Plaintiffs, )

14 v. )

15 HALLIBURTON COMPANY; and )  
16 KELLOGG BROWN & ROOT )  
17 (aka KBR), )

18 Defendants )  
19 )  
20 )

CASE NO. CV06 - 0616 MMM(JWJx)

FIRST AMENDED COMPLAINT  
FOR VIOLATION OF THE FEDERAL  
FALSE CLAIMS ACT 31 U.S.C.  
§3729, et seq.

JURY DEMAND

21 *Qui Tam* Plaintiff Benjamin Carter (“Carter”) alleges as follows:

22 **I.**

23 **NATURE OF ACTION**

24 1. Benjamin Carter (“Carter”), on behalf of the United States, brings this  
25 action to recover treble damages and civil penalties under the False Claims Act, 31  
26 U.S.C. §§ 3729 - 33.

27 2. This action is based upon the defendants’ knowingly submitting, or  
28

1 causing to be submitted, false claims and knowingly using, or causing to be used,  
2 false records or statements to get false claims paid, by falsely reporting and billing  
3 for potable and non-potable water testing that never occurred as required under  
4 the Logistics Civil Augmentation Program (LOGCAP) III contract throughout  
5 Iraq.

## 6 **II.**

### 7 **JURISDICTION AND VENUE**

8 3. The Court has subject matter jurisdiction to entertain this action under  
9 28 U.S.C. §§ 1331 and 1345. The Court may exercise personal jurisdiction over  
10 the defendants pursuant to 31 U.S.C. § 3732(a).

11 4. Venue is proper in the Central District of California under 31 U.S.C.  
12 § 3732 and 28 U.S.C. §§ 1391(b) and (c) because the defendants reside and  
13 transact business in this District.

## 14 **III.**

### 15 **PARTIES**

16 5. *Qui Tam* Plaintiff Benjamin Carter is a resident and citizen of the  
17 United States. He currently resides in the State of Utah. Carter was hired by  
18 Halliburton/KBR in January 2005 as a Reverse Osmosis Water Purification Unit  
19 (ROWPU) Operator. He was assigned to work in Iraq for KBR, in support of  
20 LOGCAP III, on January 13, 2005, and assigned to Camp Ar Ramadi. Prior to his  
21 employment with Halliburton/KBR, Carter worked for twenty years as a water  
22 purification specialist. During his work in Iraq, Carter was under the direction,  
23 policies and procedures of KBR.

24 6. Defendant Halliburton Company ("Halliburton") is a for-profit  
25 corporation that provides products and services to the oil and gas industries. The  
26 company employs more than 100,000 people in over 120 countries through its five  
27 major operating groups, including KBR. Halliburton is based in Houston, Texas,  
28 and does business throughout the United States, including in the Central District

1 of California..

2 7. Defendant Kellogg Brown & Root (“KBR”) is Halliburton’s  
3 engineering and construction division subsidiary. KBR is divided into two  
4 distinct divisions: the Energy & Chemicals Division and the Government &  
5 Infrastructure Division. The Government & Infrastructure Division provides a  
6 broad range of services to the military and civilian branches of governments  
7 around the world. KBR is also based in Houston, Texas, and does business  
8 throughout the United States, including in the Central District of California.

9 **IV.**

10 **GENERAL ALLEGATIONS**

11 **A. The LOGCAP Contract**

12 8. Since the early 1990s, the Department of Defense (“DOD”) has used  
13 logistics support contracts to meet many of its logistical support needs during  
14 combat operations, peacekeeping missions, and humanitarian assistance missions.  
15 More recently, these contracts have supported contingency operations such as  
16 Operation Enduring Freedom and Operation Iraqi Freedom as a major part of  
17 America’s Global War on Terrorism. Simply put, such contracts are the DOD’s  
18 reliance on civilian contractors to provide supplies and services to the military.

19 9. In 1992, DOD created the Logistics Civil Augmentation Program  
20 (LOGCAP) contract as an umbrella support contract to provide all the support  
21 services necessary in a conflict. The Army awarded the first LOGCAP contract  
22 (LOGCAP I) in 1992 to KBR. Support services were provided under LOGCAP I  
23 to contingency operations in Haiti, Somalia and the Balkans. In 1997, LOGCAP  
24 (LOGCAP II) was awarded to DynCorp Services to continue services in the  
25 Balkans. In 2001, LOGCAP III was awarded to KBR that, today, supports  
26 contingency operations in Iraq, Kuwait, Afghanistan, Djibouti, Republic of  
27 Georgia, and Uzbekistan. The LOGCAP III contract is a cost-plus award fee  
28 contract. Under LOGCAP III, Task Orders are issued with specific Statements of

1 Work for designated areas. In December 2001, LOGCAP III, contract DAAA09-  
2 02-D-0007, was awarded to KBR that included water service support to U.S.  
3 Military and Multi-National Force bases in Iraq. Included in the Statement of  
4 Work is the requirement that KBR is responsible for delivering potable and non-  
5 potable water from the ROWPU to base holding tanks and to consumption, and to  
6 conduct point-of-use testing throughout the base of potable and non-potable water  
7 for chlorine residuals as well as for pH, temperature, Total Dissolved Solids  
8 (TDS), and turbidity and maintain documentation to support that the required  
9 testing was accomplished. In order to perform this service, KBR was to hire water  
10 quality specialists to conduct the testing.

11 10. At Camp Ramadi, the ROWPU unit was operated by Army military  
12 personnel. Raw water was taken from the Euphrates River at a point less than two  
13 miles downstream of a human sewage discharge point that in scientific probability,  
14 was contaminated by a variety of disease-causing organisms, ranging from total  
15 coliform, E. Coli, and other bacteria, to viruses and hardy protozoa. Raw water  
16 was pumped to the ROWPU for both potable and non-potable use at the base. The  
17 ROWPU is a standard piece of equipment that purifies water by separating out any  
18 dissolved solids and other impurities.

19 **B. False Claims Made**

20 11. From approximately December 2001 to present, Defendants  
21 defrauded the DOD by systematically failing to inspect and test point-of-use  
22 potable and non-potable water for military and civilian personnel at all U.S.  
23 military bases in Iraq, as required under the LOGCAP III contract. Although  
24 Defendants failed to test at any of the bases, they billed under the LOGCAP III  
25 contract as though they had complied with these testing requirements. It is alleged  
26 the Defendants' violations of the False Claims Act are continuing.

27 12. Shortly after being hired by Halliburton/KBR, *Qui Tam* Plaintiff  
28

1 Carter was sent to Iraq as a ROWPU Operator to work on DOD Contract  
2 DAAA09-02-D0007. He arrived in Iraq on January 16, 2005 and was assigned to  
3 Camp Ar Ramadi. It was not until early March 2005 that Carter was allowed to  
4 inspect the base water delivery systems. Within two weeks, Carter was promoted  
5 to acting ROWPU foreman when the regular foreman returned to the States on  
6 leave. To that point, neither Halliburton or KBR managment provided Carter with  
7 any instruction, policy or procedures, or any other information regarding the  
8 operation of the ROWPU or maintaining water quality standards for military and  
9 civilian personnel on the base. Carter was told by the regular ROWPU foreman  
10 that the water was being chlorinated and was safe.

11 13. On March 23, 2005, another KBR employee reported to management  
12 that he had discovered an organism in his toilet. On inspection, Carter confirmed  
13 there was what appeared to be a larva swimming in the toilet bowl. At that point,  
14 Carter decided to test the water in the employee's bathroom for chlorination. The  
15 test results indicated no presence of Chlorine. He then tested at several other  
16 locations in the KBR section of the base and discovered no chlorine at those sites  
17 either. Carter then tested the non-potable water holding tank that also tested  
18 negative for chlorine. As a result of his tests, Carter felt that the water was not fit  
19 for human use. Concerned that the entire water system of the base was  
20 compromised, Carter suggested to KBR site managers that the military be notified  
21 to chlorinate their water. He was told by Suzanne Raku-Williams, the KBR site  
22 manager, that the military was none of his concern although KBR was responsible  
23 for testing water at military point-of-use sits as well.

24 14. It was later confirmed to Carter in an email from William Granger, the  
25 KBR Theater Water Quality Manager for Iraq and Kuwait, that in fact KBR had  
26 exposed the base camp population at Ar Ramadi to a water source that had not  
27 been treated. The level of contamination was roughly 2x the normal  
28

1 contamination of untreated water from the Euphrates River. Granger confirmed in  
2 his email that the contamination was ongoing through the entire life of the camp  
3 through July 2005 - possibly a year. No documentation was ever recorded to  
4 support the 3x daily requirement for testing. Granger further stated in his email of  
5 July 15, 2005, that he had yet to find an installation in Iraq that did the required  
6 testing as required in their statement of work or documents to support any testing  
7 activities. Carter also learned that testing kits that included spectrophotometers  
8 for measuring chlorine, had never been present at Camp Ramadi until late March  
9 2005, thus negating the possibility of testing. Also, Carter determined that KBR  
10 had been delivering waste water from the ROWPU to non-potable holding tanks  
11 instead of product water generated by the ROWPU. Army regulations TD MED  
12 577 and FM 10-52 require that waste water from the ROWPU be returned to the  
13 water source that would be the Euphrates River. Using waste water would be  
14 equal to using untreated, contaminated raw water from the Euphrates River.  
15 According to Granger, using waste water as the non-potable water supply had  
16 been happening for more than a year, but he knew of no effort to inform the  
17 exposed population.

18 15. Based on his experiences and observations with Halliburton/KBR,  
19 *Qui Tam* Plaintiff is informed and believes the company knowingly falsified that it  
20 had conducted the required water quality testing by:

- 21 a. Defendants' failure to provide testing kits to include  
22 spectrophotometers to perform such testing.
- 23 b. Defendants' failure to hire qualified water quality specialists personnel  
24 qualified to conduct water quality tests to conduct point-of-use testing at all  
25 military and civilian use sites within an installation.
- 26 c. Defendants' failure to conduct required potable and non-potable water  
27 quality testing at all point-of-use sites within an installation as required by  
28

1 the statement of work for the LOGCAP III contract in Iraq.

2 d. Halliburton/KBR systematically used untreated, contaminated  
3 waste water from the ROWPU site for the non-potable water supply.

4 **V.**

5 **FIRST CAUSE OF ACTION**

6 **(Violation of the Federal False Claims Act – 31 U.S.C. §§ 3729, *et seq.*)**

7 **(Against All Defendants)**

8 16. *Qui Tam* Plaintiff hereby refers to and incorporate by this reference  
9 each and every allegation set forth in paragraphs 1 through 15, inclusive.

10 17. By their conduct above, from 2001 and continuing, defendants  
11 knowingly submitted, or caused to be submitted, false claims for payment to the  
12 United States, as set forth above, in violation of 31 U.S.C. § 3729(a)(1).  
13 Additionally, defendants knowingly made or used false records or statements to  
14 get false or fraudulent claims paid by the United States, in violation of 31 U.S.C. §  
15 3729(a)(2).

16 18. As a result of such violations of the False Claims Act, Defendants  
17 have caused wrongful payments to be made from the United States Treasury. All  
18 of this has resulted in damage to the United States in the millions of dollars.

19 **VI.**

20 **PRAYER FOR RELIEF**

21 WHEREFORE, *qui tam* plaintiff prays for relief as follows:

22 1. For three times the dollar amount shown to have been wrongfully  
23 charged and paid by the United States;

24 2. For maximum civil penalties for all false records, statements,  
25 certifications and claims submitted to the United States, subject to being consistent  
26 with the Excessive Fines and Penalties Clause of the Eighth Amendment to United  
27 States Constitution;



## PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF SAN DIEGO

I am employed in the County of San Diego, State of California. I am over the age of 18 and not a party to the within action; my business address is 7825 Fay Avenue, Suite 200, La Jolla, California 92037.

On February 1, 2006, I served the attached:

First Amended Complaint

by placing  the original  true copies thereof enclosed in sealed envelopes addressed as follows:

Alberto Gonzales, Attorney General  
U.S. Department of Justice  
10th and Constitution  
Washington, D.C. 20530

Debra W. Yang  
c/o Civil Process Clerk  
United States Attorney Office  
1200 U.S. Courthouse  
312 N. Spring Street  
Los Angeles, CA 90012

- (BY MAIL)** I placed each such sealed envelope, with postage thereon fully prepaid for first class mail in the United States mail at San Diego, California.
- (BY FEDERAL EXPRESS)** I tendered each such envelope to a Federal Express courier for delivery to the addressee(s) noted above.
- (State or Federal) I declare, under penalty of perjury, under the laws of the State of California that the above is true and correct.

Executed on February 9, 2006, at La Jolla, California.

  
Donald R. Warren