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Chairman Towns Seeks Details of State Dept. Settlement with Xe Services
Concerned that company with history of serious violations will not be prevented from receiving future government contracts

WASHINGTON - Chairman Edolphus "Ed" Towns (D-NY) is asking Secretary of State Hilary Clinton to provide the House Committee on Oversight and Government Reform with specific details surrounding a recent settlement between the State Department and Xe Services, formally known as Blackwater. According to news reports, Xe agreed earlier this month to pay the federal government \$42 million in fines for hundreds of violations of U.S. export control regulations. Chairman Towns is concerned that by paying fines as opposed to facing criminal charges, Xe Services and the State Department have minimized the company's risk of debarment for future State Department and other federal government contracts.

Since becoming chairman, Rep. Towns has been working to identify problems with the suspension and debarment process to ensure that federal dollars are not going to contractors with a history of performance violations. Most recently, Chairman Towns travelled to Afghanistan to oversee efforts to prevent waste, fraud and abuse of government contracts in the region.

Suspension and debarment can be an effective tool for federal agencies to prevent waste, fraud and abuse of taxpayer dollars because individuals and companies that are suspended or debarred are prohibited from receiving contracts or grants. After the federal government has determined that a party is not a responsible business partner and is therefore ineligible for government contracts, they are placed in a database called the Excluded Parties List System (EPLS). Government contracting officers are required to check the database to verify that a potential contractor is not on the list before they enter into a contract with that company.

In the letter to Secretary Clinton, Chairman Towns wrote:

"I am concerned with an agreement the State Department has reached with a security firm that has a history of violations and impropriety. Xe Services, a.k.a. Blackwater, has a long history of contract violations and reckless behavior, which has already resulted in the company being

banned from Iraq. By paying fines as opposed to facing criminal charges, the company minimizes its risk of debarment for future State Department as well as other federal government contracts.

“The State Department has a major role in providing security and stabilization in both Iraq and Afghanistan and it is essential that it carefully consider a variety of factors when issuing contracts for carrying out those services. As such, I encourage the Department to adhere to Federal Acquisition Regulations and use past performance as an important element of every evaluation and contract award.”

Chairman Towns wants a copy of the settlement agreement made with Xe Services by September 3, 2010.

The full text of the letter from Chairman Towns to Secretary Clinton is below.

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Documents and Links

[Letter from Chairman Edolphus Towns to Secretary of State Hillary Clinton](#)