



Marketplace Radio

Methods and practices to discourage recidivism among government contractors

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DAVID BROWN, anchor:

Yesterday defense contractor Titan agreed to pay \$28 million to settle bribery charges. Today the company was cleared to compete for more government contracts. Also today, word that the Justice Department is asking new questions about Halliburton, questions about bid rigging involving former employees at its KBR unit. Sound like a broken record to anyone out there? MARKETPLACE's Jeff Tyler considers what might be done to discourage recidivism among government contractors.

JEFF TYLER reporting:

The fine against Titan ranks as the biggest foreign bribery penalty ever. You'd expect that such an economic disincentive would make an impression and discourage repeated offenders. But Scott Amey doesn't think so. The general counsel at the non-partisan watchdog Project on Government Oversight says, record-setting or not, the \$28 million fine is just a slap on the wrist.

Mr. SCOTT AMEY (Project on Government Oversight): The Titan Corporation receives close to \$1 billion a year in annual contract awards and, in its own Web site, claims that its annual sales approach more than \$2 billion. So when you're fining someone only 3 or 1.5 percent of their sales or their contract award dollars, I think it's gonna have little impact on the company overall.

TYLER: The government can place repeat offenders on a blacklist, either temporarily or permanently. Glenn Flood, Defense Department spokesman at the Pentagon, says federal agencies keep careful tabs on which companies receive taxpayer dollars.

Mr. GLENN FLOOD (Defense Department Spokesperson): If a company appears on the list of debarred or suspended corporations or companies, then the awards are not made to those companies.

TYLER: Scott Amey with the Project on Government Oversight says some smaller companies end up on that list, but he says the big guys like Halliburton almost never get shut out of a chance to bid on contracts. Until they do, he thinks the companies have little incentive to change.

I'm Jeff Tyler for MARKETPLACE.