

KBR'S CAYMAN ISLAND SCAM

I recommend you read the whole article detailing KBR's Cayman Island scam. A lot of people have linked to the lede, explaining how KBR created a shell company in Cayman Islands so it didn't have to pay social security and unemployment benefits for workers hired through the shell company. But there are several details of note that appear further down in the story.

For example, KBR would like you to believe that it set up this shell company to help you, Mr. and Ms. American Taxpayer. It saves you money, it claims, by making these workers pay their own social security and go without unemployment insurance.

It's bogus on its face. But deep in the article, an anonymous former KBR exec reveals that it's actually using the shell company so it can compete against its rivals Fluor and Bechtel.

A former Halliburton executive who was in a senior position at the company in the early 1990s said construction companies that avoid taxes by setting up foreign subsidiaries have obvious advantages in bidding for military contracts.

Payroll taxes can be a significant cost, he said, speaking on the condition of anonymity. "If you are bidding against [rival construction firms] Fluor and Bechtel, it might give you a competitive advantage."

So you, Mr. and Ms. American Taxpayer, can pay one fee to Fluor for drivers in Iraq who will have some safety net when they return to the US. Or you can pay a slightly smaller fee—not enough to make a difference on the cost of the war, but enough such that KBR can beat out Fluor on pricing—and have that same driver

return from Iraq with no unemployment benefits.

And KBR nets the difference.

KBR bills the Service Employers workers as "direct labor costs," and charges almost the same amount for them as for direct hires.

It also won't surprise you that this shell company consists of a \$1,000 registered agent in Cayman Island—the company itself is really located in Dubai.

In fact, the address on file at the Registry of Companies in the Cayman Islands leads to a nondescript building in the Grand Cayman business district that houses Trident Trust, one of the Caymans' largest offshore registered agents. Trident Trust collects \$1,000 a year to forward mail and serve as KBR's representative on the island.

The real managers of Service Employers International work out of KBR's office in Dubai. KBR and Halliburton, which also moved to Dubai, severed ties last year.

And finally, the cruel loophole. If these guys get poisoned or hurt, KBR still gets to subject to the kangaroo court arbitration process that they've also put Jamie Leigh Jones through.

But there is one circumstance in which KBR does claim the workers as its own: when it comes to receiving the legal immunity extended to employers working in Iraq.

In one previously unreported case, a group of Service Employers International workers accused KBR of knowingly exposing them to cancer-causing chemicals at an Iraqi water treatment plant. Under the Defense Base Act of 1941, a federal workers compensation

law, employers working with the military have immunity in most cases from such employee lawsuits.

So when KBR lawyers argued that the workers were KBR employees, lawyers for the men objected; the case remains in arbitration.

The Iraq War continues to be a legalized way for Cheney's cronies (and former employers, in this case) to screw taxpayers, their employees, and get rich in the process. No wonder they don't want to end the gravy train.