

# BUSH FAMILY WAR PROFITEERING

BY MARGIE BURNS

*"Profiteering: The acquisition of excessive profits; usually used as a term of reproach and dishonor."*

~BLACK'S LAW LIBRARY (Revised 4th Edition)

*"George Bush's Washington is a study in family influence."*

~THE ECONOMIST

Neil M. Bush, a younger brother of President George W. Bush, has a \$60,000 a year contract with New Bridge Strategies, a recently formed Washington-based firm that helps generate contracts for companies seeking reconstruction business in Iraq. Although New Bridge Strategies is connected to the Bush White House in several ways, the younger Bush is an important contact point for the company.

The people who run Houston-based Crest Investment Corporation, where Neil Bush is a cochairman with light duties for his \$60,000 a year pay, include at least one investor in Bush's educational software company called Ignite!-Learning.\*

Ignite!-Learning will be among those companies vying for contracts dealing with Iraqi education. With Secret Service protection provided by us taxpayers, Neil Bush has already traveled to Saudi Arabia, Egypt, China and Japan to generate interest in his education projects.

Neil Bush's unbecoming contracts, including even more lucrative arrangements with a Chinese-Taiwanese company, have come to light through court papers in his scandal-ridden divorce proceedings. Court documents reveal that Bush has a consultancy contract for \$400,000 a year with the Chinese-Taiwanese computer chip manufacturer Grace Semiconductor.

That contract was generated while the Bush administration negotiated with China's government on sensitive trade, armament, and human rights issues. The Neil Bush deal, however, is only the most flamboyant recent instance of how Bush relatives and associates have profited from U.S. foreign policy.

Easily the most profiteering First Family in American history, the Bushes have consistently benefited from George W. Bush's war on terrorism and from the invasion of Iraq, as revealed in regulatory filings, business reports and company press releases.

One well-connected winner is Engineered Support Systems, based in St. Louis, where William H.T. ('Bucky') Bush, an uncle of George W. Bush, joined the board of directors in March 2000. William H.T. Bush was one of the Bush "Pioneers," the campaign contributors who raised more than \$100,000 in the 2000 Presidential campaign.

Engineered Support Systems has three segments: light military support equipment, heavy military support equipment, and electronics and automation systems. Long-term contracts are "substantially all" with the U.S. government, according to the company. Since 2000, following the Presidential election and the 9/11 attacks, the company's federal contracts, revenues and its stock value have all gone up.

Defense Department databases list Engineered Support Systems as 54th among its top 100 contractors for fiscal year 2001, up from 62nd in 2000. The company received more than \$297.5 million in military contracts in 2001, including \$120.5 million from the Army.

Net revenues for the first nine months of 2002, when the company acquired two new subsidiaries in Washington's northern Virginia suburbs, increased to \$289.7 million. Net revenues for the full year increased to \$408 million.

In 2003, according to a preliminary report, the company was 93rd among top contractors with \$273.5 million in contracts. A company subsidiary, Radian Inc., was 197th, with \$109.2 million in contracts.

Business articles particularly touted the enhanced prospects for Engineered Support Systems after the attacks of September 11, 2001. A *USA Today* article on September 25, 2001, headlined "Businesses Stand to Profit Respectfully," noted that the company's stock had jumped by 53% in the two weeks following 9/11.\*\*

In January 2003, Engineered Support Systems received an order for \$6.1 million from the U.S. Air Force for "Revetment kits" — protective armor — in connection with "urgent support requirements for heightened U.S. military operations in the Middle East." Company chairman Michael F. Shanahan said in a January 6, 2003 press release that the company had received a total of \$15.8 million under that \$24 million contract.

Also in January 2003, the Air Force ordered another \$2.2 million worth of power units from the company's subsidiary, Radian Inc. Engineered Support Systems had received \$46.7 million in Air Force contracts in eight months, according to chairman Shanahan. In March 2003, the Air Force came through with a \$67 million contract for cargo-loader transporters, plus \$8.7 million for support. The Navy ordered \$2.1 million in parts from the company in January and spent another \$14.7 million on assault ships in May.

The U.S. Army has been Engineered Support Systems' largest customer. The company got an Army contract for \$75 million in January; one for \$36.4 million in March; and another \$7.1 million in April. There have been contracts for generators, precision targeting systems, and a deployable power system.

As luck would have it, Engineered Support Systems also manufactures Field Deployable Environmental Control Units (FDECU) to deal with weapons of mass destruction. On January 17, 2003, the company announced that it had received an order of \$19.7 million for these devices from the U.S. Air Force, and a similar order from the USMC for \$2 million worth of these units, complete with Nuclear Biological Chemical Kits. That was all in preparation for finding the secret arsenals of WMDs that the White House insisted had been hidden in Iraq by Saddam Hussein.



MICHAEL DAVID BROWN

On January 28, 2003, George W. Bush delivered his State of the Union address, linking Saddam's Iraq to biological and chemical warfare, including Bush's now-famous misstatement about Saddam's possession of nuclear weapons and some illicit material allegedly purchased from the country of Niger in Africa.

On March 26, Engineered Support Systems announced an order of \$19 million from the Army for 52 of its Chemical Biological Protected Shelter (CBPS) systems, under an existing contract. That brought Army orders for this product to a total of 204 units. The company describes the product as follows:

*"CBPS, designed for use in chemically or biologically contaminated areas, is a self-contained, environmentally-controlled and contamination-free work area that can serve as a mobile medical aid station, field command post or emergency facility. The CBPS can be deployed and fully operational in less than 20 minutes...Once completed, both newly produced and retrofitted CBPS units are being actively deployed in support of U.S. forces abroad."*

"The potential threat of our troops facing a chemical or biological attack during the current conflict in Iraq remains very real," chairman Shanahan commented. "Should this occur, our CBPS system is quite capable of providing soldiers or medical personnel with collective protection against these dangerous weapons of mass destruction."

Students of current events may recall that on March 25, the Bush administration had requested supplemental funding from Congress "to cover military operations, relief and reconstruction activities in Iraq, and ongoing operations in the global war on terrorism."

On May 1, 2003, Engineered Support Systems announced the acquisition of Maryland-based Technical & Management Services, TAMSCO. May 1 was the day that President Bush appeared in a flight suit on the aircraft carrier *Abraham Lincoln* under the banner "Mission Accomplished," to announce the cessation of combat in Iraq.

The following week TAMSCO announced that it had "implemented a leading edge communications technology to support U.S. Army logistics operations in the Middle East upon the successful fielding of two Time Division Multiple Access (TDMA) satellite terminals as part of the Coalition Forces Land Component Command (CFLCC) project in Iraq." According to the company, "This marked the first time TDMA technology had been utilized by the U.S. Army for satellite communications." TAMSCO seems to have hit the ground running.

It also had a running start. It began its satellite communications network linking Germany, Iraq and the U.S. in February 2003.

## BANKROLLING BUSH

With the Bush family's manipulations in the business world, it is no surprise that the President's top campaign finance patron over the course of his political career has been the crooked and bankrupt Enron Corporation. Enron has provided George W. Bush with gifts totaling \$602,626 to help finance his runs for Congress, Governor and President. (Enron's former CEO, Ken Lay, is a close friend of W.)

That is the finding of the Center for Public Integrity, the Washington watchdog group. In the course of scouring computerized government and corporate data for information, it discovered that brokerages, banks and credit card companies have been six of Bush's top-10 campaign contributors over the years. As the champion of cuts in dividend and capital gains taxes, Wall Street likes him.

On the Bush contributor list, with gifts ranging from \$342,949 to \$505,500 are: Merrill Lynch & Co.; Crédit Suisse First Boston; Bass Brothers Enterprises; the International Bank of Commerce; UBS Financial Services; and the Goldman Sachs Group.

These details are in the Center's new book, *The Buying of the President 2004*, now in bookstores and available at the Center's website: [www.publicintegrity.org](http://www.publicintegrity.org).

~BEN A FRANKLIN  
Editor, *The Washington Spectator*

In a period of less than two and a half months, TAMSCO identified the most cost-effective technology; procured, integrated, tested and shipped the equipment; trained soldiers on its installation and maintenance; installed an antenna hub site in Germany; installed the network equipment; and established a help desk operation in Kuwait. For anyone inclined to believe that the Bush administration was ever less than fully determined to go to war in Iraq, these early and longstanding preparations made by companies with high-level connections may lead to second thoughts.

A week later, the company also announced a \$26.1 million order from the Saudi Arabian military. There has been no word on whether Attorney General John Ashcroft has acted to prevent information seepage, in cyberspace or elsewhere, through corporations that service foreign militaries along with ours. TAMSCO also has a contract with the Saudis.

Back on the home front, branches of the armed services seemed to be vying for which of them could award bigger contracts to the company. The Air Force awarded TAMSCO a \$44.2 million contract for a radar system in June 2003, another \$11.7 million in orders in July, and more than \$21.8 million in contracts in August. The Army, spending heavily in Iraq, lagged slightly behind — \$700,000 for a development project in June, and \$12.8 million in contracts for August.

There can be little doubt about the political halo of good will generated by the Bush connection with Engineered Support Systems, especially given George W. Bush's frequent trips to St. Louis, its home base. On April 16, 2003, Bush gave a speech at Boeing's F-18 *Super Hornet* assembly factory in St. Louis, on how the Iraqi people were making a good start. On September 26, 2003, he returned to St. Louis for another speech, to the annual American Legion Convention, sandwiched between two fund-raising events.

By any measure, Engineered Support Systems' enterprises are profitable for top management. As a director of the company, William H.T. Bush is on its audit committee and received consulting fees of \$2,500 a month in 2002, as well as options to buy thousands of shares of stock at \$28.42 a share. The stock now trades at \$62.50 a share. As of January this year, he owned 33,750 shares, along with his portion of 3.3 million shares owned by all the firm's officers and directors as a group. The company paid him another \$125,000 in fees.

According to one financial source who prefers not to be named, the stock adviser service VectorVest, which puts out a daily list of 7,500 American stocks ranked by value, safety and timing, listed Engineered Support System's stock "in very first place" last October 26, with a rating of 1.6. The next stock had a rating of 1.57. "Certainly an interesting coincidence," the source adds. On October 27 the company's stock was once again in first place and had gained 3%.

A single company's track record does not constitute a pattern. But it does point to a larger picture, in which the closest associates of a sitting U.S. President share in financial benefits generated by the decisions, including foreign policy, of our highest office.

Former President George H.W. Bush only recently resigned as a board member of the finance giant The Carlyle Group, heavily associated with military and security contracts. The Carlyle Group was 43rd among federal contractors in 2002, with \$676.5 million in contracts. In 2003, The Carlyle Group moved up to 11th place, with \$2.1 billion in contracts, partly from the war on terrorism and partly from Iraq. Insiders at the company also cashed in millions of dollars worth of options in 2003.

George H.W. Bush has not sold shares individually, according to insider trading filings. However, The Carlyle Group itself, through its holding company, has sold more than \$334.6 million worth of shares in its United Defense subsidiary during the past six months.

William H.T. Bush is a trustee for the investment firm Lord Abbott, one of Halliburton's top 10 shareholders and also a top-10 mutual fund holder in Halliburton, which has obtained prime contracts in Iraq. Vice President Richard Cheney, the former CEO of Halliburton, still has between \$18 million and \$87 million invested through Vanguard, another top-10 holder in Halliburton stock.

Marvin P. Bush, the youngest brother of George W. Bush, shares an interest in federal contracts held by companies in his firm's portfolio. Marvin Bush is also an adviser at HCC Insurance, formerly called the Houston Casualty Company, one of the biggest insurance carriers for the World Trade Center.

Marvin Bush was a director at HCC, which has benefited from the 9/11 insurance bailout legislation passed by Congress at the instigation of the White House. The departure of Marvin Bush from the HCC was announced the same day, November 22, 2002, as the passage of the bill.\*\*\*\*

Never before in our country's history has a President started a war from which his own relatives profited. Nor has any executive branch so zealously selected its own people to replace the usual watchdogs. The Bush-appointed head of the Office of Management & Budget, the overseer of federal spending, is Josh B. Bolten, a Bush supporter whose father worked for George W.'s father.

For now, the 'privatizing' of Iraq's businesses has been put on hold. However, the White House still has an obligation to disclose to the public the financial benefits of Bush's policies to the President's own kinsmen.

Margie Burns wrote this article for *The Washington Spectator*, which is published monthly by the Public Concern Foundation. Ms. Burns is a Ph.D. in English Literature and teaches at the University of Maryland's Baltimore campus; she is also a freelance writer who has written about Vice President Dick Cheney and his ties with Halliburton. Much of her research is on the Internet where she scrutinizes corporate and government sites most newsrooms apparently don't know exist.

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\*Questions e-mailed to the two companies employing Neil Bush were not answered.

\*\*Engineered Support Systems responded with "No comment" to telephoned and e-mailed questions for this article.

\*\*\*The White House has not responded to our e-mailed and telephoned questions.

\*\*\*\*Marvin Bush did not respond to requests for comment.