

# U.S. Aide Accused of Graft in Iraq Had a Shadowy Past

By JAMES GLANZ

One of them dressed all in black, Johnny Cash style, even in the summer in Iraq, where the temperature often rose above 120 degrees. The other put up huge blue-and-white signs advertising one of his companies — GBG Logistics — that remain standing even now along the dangerous road to the Baghdad airport, after car bombs and firefights have destroyed nearly everything else around them.

This week these two Americans, Robert J. Stein Jr. and Philip H. Bloom, were charged in federal court with working together in a

## Names of the Dead

*The Department of Defense has identified 2,076 American service members who have died since the start of the Iraq war. It confirmed the deaths of the following Americans yesterday:*

DEEDS, Roger W., 24, Lance Cpl., Marines; Biloxi, Miss.; 13th Marine Expeditionary Unit, First Marine Expeditionary Force.  
 ESTEP, James E., 26, Staff Sgt., Army; Leesburg, Fla.; 101st Airborne Division.  
 GRIGG, Travis J., 24, Pfc., Army; Inola, Okla.; 101st Airborne Division.  
 HOLLEY, Matthew J., 21, Specialist, Army; San Diego; 101st Airborne Division.  
 LUCENTE, John A., 19, Lance Cpl., Marines; Grass Valley, Calif.; 13th Marine Expeditionary Unit, First Marine Expeditionary Force.  
 MURRAY, Jeremy E., 27, Sgt., Marines; Atwater, Ohio; First Marine Division.  
 ROGERS, Jeffrey A., 21, Cpl., Marines; Oklahoma City; 13th Marine Expeditionary Unit, First Marine Expeditionary Force.  
 ROMAN-CRUZ, Alexis, 33, Specialist, Army; Brandon, Fla.; 101st Airborne Division.  
 WARE, Joshua J., 20, Cpl., Marines; Apache, Okla.; 13th Marine Expeditionary Unit, First Marine Expeditionary Force.

bribery and kickback scandal. Mr. Stein, the one who favored the black attire, worked for the American occupation authorities as a comptroller and financial officer and is accused of receiving hundreds of thousands of dollars in bribes to steer lucrative reconstruction contracts to Mr. Bloom's companies.

The work done for those contracts, amounting to at least \$13 million in the area around the southern city of Hilla, was either never done or was of such poor quality as to make the results almost useless, according to reports by the special inspector general for Iraq reconstruction.

Problems included computers that were never delivered, renovation work that was never carried out and buildings that began falling down almost as soon as they were built.

"It's the most shoddy work I've ever seen from a contractor," said a State Department official who was stationed in Hilla and inspected some of the work at first hand. "It's a disaster." The official requested anonymity to preserve his ability to continue to work in Iraq.

Mr. Stein was given his position in Hilla, where he controlled some \$82 million, even though he had been convicted on federal fraud charges in the mid-1990's and was being sued in connection with a suspected embezzlement scheme by a former employer.

The shady side of Mr. Stein's past was so close at his heels that, according to the federal indictment, he apparently used part of the money he is accused of illegally receiving in Iraq to pay part of a fine required by his earlier fraud conviction and to pay for towing charges incurred when he was given back several automobiles that had been impounded as the civil suit proceeded. The towing charges alone came to \$7,151.56.

Although much remains murky about how Mr. Stein obtained his position and began working with Mr. Bloom, a few details emerged on Fri-

day. Mr. Stein went to Iraq after he was hired by S & K Technologies, a contracting company based in St. Ignatius, Mont. According to an analysis by the Center for Public Integrity, a nonpartisan research organization in Washington, S & K won a contract from the Army for \$4,950,384 to provide administrative support in Iraq.

As a minority-owned business, the company won the contract without having to bid for it competitively, according to the group's analysis. Greg DuMontier, chief executive officer of S & K, confirmed that Mr. Stein went to Iraq with the company but did not recall the specifics of his position.

Mr. DuMontier said that the company carried out background checks as required by the client, in this case the military.

"I don't have his initial task requirements," he said of Mr. Stein. "I do know that it was administrative support in general."

In October 2004, Mr. Stein was "outprocessed under normal order," Mr. DuMontier said. "He was not removed; we were not asked to remove him. His task was completed."

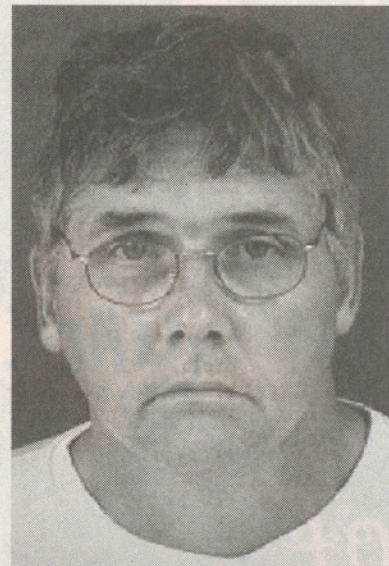
A Pentagon official who also confirmed Mr. Stein's employment with S & K, said it would be highly unusual for a contractor like Mr. Stein to hold such a responsible position in the Coalition Provisional Authority.

Mr. Stein's listed residence is in Fayetteville, N.C., the town where he was taken into custody on Monday. Neighbors said they often saw a motor home and sometimes a sport utility vehicle parked in the driveway. They described him as an unremarkable man who lived quietly with his wife.

"So far as I could see he was just a regular businessman," said Bill Harper, a neighbor who lives a few doors away. "He was just like everybody else."

Mr. Stein was convicted on federal fraud charges in 1996, sentenced to eight months in prison and ordered to pay \$45,339.25 in restitution.

A spokesman for the special inspector general said that the case involved credit card fraud. The federal affidavit on the Iraqi charges says



Cumberland County Sheriff's Department, via Fayetteville Observer

Robert J. Stein Jr., accused of taking bribes in Iraq, is shown in his arrest photo, taken Monday.

that on Jan. 22, 2004, he paid \$200 toward that restitution with money from bribes paid by Mr. Bloom.

Mr. Stein was later found to have falsified his résumé when he applied for a job with another former employer, Grundy Marine Construction Company of Ponte Vedra, Fla.

Bill Grantham, general superintendent at the Grundy company, said that he stumbled across an elaborate scheme in which Mr. Stein ordered too many materials for a construction job at an Air Force base and collected credits for the materials that he then never picked up.

"I start looking at invoices and things just don't add up," Mr. Grantham said. "We bought enough drywall to do this job two and a half times over."

The company ended up suing Mr. Stein, winning a settlement whose amount both parties agreed not to discuss, said Todd Jones, the lawyer that handled the case for the company. "None of us believed he went to Iraq," Mr. Jones said. "We thought he just disappeared in Fayetteville."

John DeSantis contributed reporting from Wilmington, N.C., for this article.

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