

*Welch bill to close multi-billion dollar loophole gets hearing*

Washington, DC - Yesterday, on the eve of an Oversight and Government Reform hearing, the Bush administration retreated from a proposed loophole to exempt overseas contractors from reporting fraud. Today, the committee held the investigatory hearing and considered legislation proposed by Rep. Peter Welch (VT-AL) to close the loophole.

After initiating the investigation March 7, Welch introduced the "Close the Contractor Fraud Loophole Act," H.R. 5712, to require all contractors, regardless of where the work is performed, to be subject to fraud reporting requirements.

Bush administration officials testified that the loophole was a "bureaucratic mistake." The Professional Services Council, the trade group that represents contractors like KBR, Halliburton, and Blackwater, testified they oppose Welch's legislation to close the loophole.

"The Bush administration is denying conspiracy by pleading incompetence," said Welch.

Welch added, "When was the last time we saw the Bush administration reverse itself under pressure? This shows just how important aggressive congressional oversight is to assure accountability and the protection of taxpayer dollars."

While the Bush administration has indicated it will amend the rule to close the loophole, Welch indicated he will continue to push his legislation.

"I don't trust this administration. I want taxpayer dollars to have the protection of the law," Welch said.

Rep. Edolphus Towns, chairman of the Oversight and Government Reform Subcommittee on

Government Management, Organization, and Procurement, which held the hearing, said, "The Welch bill is still necessary to make sure this loophole is closed and closed forever."

Welch first called for the investigation on March 7 after learning of the loophole. More information and a chronology of the investigation can be found at: [www.welch.house.gov/stopfraud](http://www.welch.house.gov/stopfraud)