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Iraq Contractors Face Growing Parallel War

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As Security Work Increases, So Do Casualties

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BAGHDAD -- Private security companies, funded by billions of dollars in [U.S. military](#) and [State Department](#) contracts, are fighting insurgents on a widening scale in [Iraq](#), enduring daily attacks, returning fire and taking hundreds of casualties that have been underreported and sometimes concealed, according to U.S. and Iraqi officials and company representatives.

While the military has built up troops in an ongoing campaign to secure [Baghdad](#), the security companies, out of public view, have been engaged in a parallel surge, boosting manpower, adding expensive armor and stepping up evasive action as attacks increase, the officials and company representatives said. One in seven supply convoys protected by private forces has come under attack this year, according to previously unreleased statistics; one security company reported nearly 300 "hostile actions" in the first four months.

The majority of the more than 100 security companies operate outside of Iraqi law, in part because of bureaucratic delays and corruption in the Iraqi government licensing process, according to U.S. officials. Blackwater USA, a prominent [North Carolina](#) firm that protects [U.S. Ambassador Ryan C. Crocker](#), and several other companies have not applied, U.S. and Iraqi officials said. Blackwater said that it obtained a one-year license in 2005 but that shifting Iraqi government policy has impeded its attempts to renew.

The security industry's enormous growth has been facilitated by the U.S. military, which uses the 20,000 to 30,000 contractors to offset chronic troop shortages. Armed contractors protect all convoys transporting reconstruction materiel, including vehicles, weapons and ammunition for the Iraqi army and police. They guard key U.S. military installations and provide personal security for at least three commanding generals, including Air Force Maj. Gen. Darryl A. Scott, who oversees U.S. military contracting in Iraq and [Afghanistan](#).

"I'm kind of practicing what I preach here," Scott said in an interview on the use of private security forces for such tasks. "I'm a two-star general, but I'm not the most important guy in the multinational force. If it's a lower-priority mission and it's within the capabilities of private security, this is an appropriate risk trade-off."

The military plans to outsource at least \$1.5 billion in security operations this year, including the three largest security contracts in Iraq: a "theaterwide" contract to protect U.S. bases that is worth up to \$480 million, according to Scott; a contract for up to \$475 million to provide intelligence for the Army and personal security for the [U.S. Army Corps of Engineers](#); and a contract for up to \$450 million to protect reconstruction convoys. The Army has also tested a plan to use private security on military convoys for the first time, a shift that would significantly increase the presence of armed contractors on Iraq's dangerous roads.

"The whole face of private security changed with Iraq, and it will never go back to how it was," said Leon Sharon, a retired Special Operations officer who commands 500 private Kurdish guards at an immense warehouse transit point for weapons, ammunition and other materiel on the outskirts of Baghdad.

U.S. officials and security company representatives emphasized that contractors are strictly limited to

defensive operations. But company representatives in the field said insurgents rarely distinguish between the military and private forces, drawing the contractors into a bloody and escalating campaign.

The U.S. military has never released complete statistics on contractor casualties or the number of attacks on privately guarded convoys. The military deleted casualty figures from reports issued by the Reconstruction Logistics Directorate of the Corps of Engineers, according to Victoria Wayne, who served as deputy director for logistics until 2006 and spent 2 1/2 years in Iraq.

Wayne described security contractors as "the unsung heroes of the war." She said she believed the military wanted to hide information showing that private guards were fighting and dying in large numbers because it would be perceived as bad news.

"It was like there was a major war being fought out there, but we were the only ones who knew about it," Wayne said.

After a year of protests by Wayne and logistics director Jack Holly, a retired Marine colonel, the casualty figures were included. In an operational overview updated last month, the logistics directorate reported that 132 security contractors and truck drivers had been killed and 416 wounded since fall 2004. Four security contractors and a truck driver remained missing, and 208 vehicles were destroyed. Only convoys registered with the logistics directorate are counted in the statistics, and the total number of casualties is believed to be higher.

"When you see the number of my people who have been killed, the American public should recognize that every one of them represents an American soldier or Marine or sailor who didn't have to go in harm's way," Holly said in an interview.

According to the logistics directorate, attacks against registered supply convoys rose from 5.4 percent in 2005, to 9.1 percent in 2006, to 14.7 percent through May 10. The directorate has tracked 12,860 convoys, a fraction of the total number of private supply convoys on Iraqi roads.

"The military are very conscious that we're in their battle space," said Cameron Simpson, country operations manager for ArmorGroup International, a British firm that protects 32 percent of all nonmilitary supply convoys in Iraq. "We would never launch into an offensive operation, but when you're co-located, you're all one team, really."

ArmorGroup, which started in Iraq with 20 employees and a handful of SUVs, has grown to a force of 1,200 -- the equivalent of nearly two battalions -- with 240 armored trucks; nearly half of the publicly traded company's \$273.5 million in revenue last year came from Iraq. Globally, ArmorGroup employs 9,000 people in 38 countries.

The company, with headquarters at a complex of sandstone villas near [Baghdad's Green Zone](#), is acquiring a fleet of \$200,000 tactical armored vehicles equipped with two gun hatches and able to withstand armor-piercing bullets and some of the largest roadside bombs.

The [U.S. Labor Department](#) reported that ArmorGroup has lost 26 employees in Iraq, based on insurance claims. Sources close to the company said the figure is nearly 30. Only three countries in the 25-nation coalition -- the [United States](#), [Britain](#) and [Italy](#) -- have sustained more combat-related deaths.

A Turning Point

In spring 2004, Holly built the logistics network for Iraq's reconstruction from scratch. The network delivered 31,100 vehicles, 451,000 weapons and 410 million rounds of ammunition to the new Iraqi security forces, and items as varied as computers, baby incubators, school desks and mattresses for every Iraqi government ministry. The network came to rival the military's own logistics operation.

Holly also discovered he was at the center of an undeclared war.

He assembled a small private army to protect materiel as it flowed from border crossings and a southern port at Umm Qasr to the 650,000-square-foot warehouse complex at [Abu Ghraib](#) and on to its final destination.

"The only way anything gets to you here is if somebody bets their life on its delivery," said Holly, a burly civilian with a trimmed gray beard who strikes a commanding presence even in khakis, multicolored checked shirts and tennis shoes. "That's the fundamental issue: Nothing moves anywhere in Iraq without betting your life."

The most dangerous link in Holly's supply chain is shipping. It requires the slow-moving convoys to navigate Iraq's dangerous roads. Holly erected a ground-traffic control center in a low-slung trailer near his office in Baghdad's Green Zone. The security companies monitor their convoys in air-conditioned silence, which is shattered by a jarring klaxon each time a contractor pushes a dashboard "panic button," signaling a possible attack.

On May 8, 2005, after dropping off a load that included T-shirts, plastic whistles and 250,000 rounds of ammunition for [Iraqi police](#), one of Holly's convoys was attacked. Of 20 security contractors and truck drivers, 13 were killed or listed as missing; five of the seven survivors were wounded. Insurgents booby-trapped four of the bodies. To eliminate the threat, a military recovery team fired a tank round into a pile of corpses, according to an after-action report.

The convoy had been protected by Hart Security, a British firm that used unarmored vehicles. Within a month, another Hart-led convoy was hit. The team leader informed the ground-control center by cellphone that he was running out of ammunition. He left the cellphone on as his convoy was overrun.

"We listened to the bad guys for almost an hour after they finished everybody off," Holly said.

The attacks represented a turning point in the private war.

Holly vowed he would never again use unarmored vehicles for convoy protection. He went to his primary shipper, Public Warehousing Co. of [Kuwait](#), and ordered a change. PWC hired ArmorGroup, which had armed Ford F-350 pickups with steel-reinforced gun turrets and belt-fed machine guns.

Other companies followed suit, ramping up production of an array of armored and semi-armored trucks of various styles and colors, until Iraq's supply routes resembled the post-apocalyptic world of the "Mad Max" movies.

Bolstered Tactics, Armor

ArmorGroup started in Iraq in 2003 with four security teams and 20 employees. It now has 30 mechanics to support its ground operation. "It's a monster," said Simpson, the country operations manager, strolling past a truck blown apart by a roadside bomb.

ArmorGroup operates 10 convoy security teams in support of Holly's logistics operation. The company runs another 10 to 15 under a half-dozen contracts, as well as for clients who request security on a case-by-case basis, Simpson said.

The company charges \$8,000 to \$12,000 a day, according to sources familiar with the pricing, although the cost can vary depending on convoy size and the risk. For security reasons, the convoys are limited to 10 tractor-trailers protected by at least four armored trucks filled with 20 guards: four Western vehicle commanders with M-21 assault rifles and 9mm Glock pistols, and 16 Iraqis with AK-47s.

The Western contractors, most with at least 10 years' experience, are paid about \$135,000, the same as a

[U.S. Army](#) two-star general. The Iraqis receive about a tenth of that.

"Every time I think about how it was at the beginning, arriving here with a suitcase and \$1,000, and there was no one else around, it's just incredible," Simpson said. "Nobody envisioned that private security companies would be openly targeted by insurgents."

ArmorGroup prides itself on a low-key approach to security. Its well-groomed guards travel in khakis and dark blue shirts. The company's armored trucks are adorned with stickers issued by the Interior Ministry, where the company is fully licensed. Holly's former deputy, Victoria Wayne, said ArmorGroup turned down an opportunity to use more powerful weaponry as the insurgent threat increased.

"As a publicly traded company, they didn't want to be perceived as a mercenary force," she said.

But the company is under constant attack. ArmorGroup ran 1,184 convoys in Iraq in 2006; it reported 450 hostile actions, mostly roadside bombs, small-arms fire and mortar attacks. The company was attacked 293 times in the first four months of 2007, according to ArmorGroup statistics. On the dangerous roads north of Baghdad, "you generally attract at least one incident every mission," Simpson said.

Allan Campion, 36, who joined ArmorGroup after 18 years in the British infantry, said one of his convoys was recently attacked three times on a two-mile stretch outside Baghdad. One bomb exploded near the team leader's vehicle, but the convoy managed to continue, he said. Within minutes, another bomb exploded, followed by small-arms fire.

A firefight ensued as the convoy continued through the "kill zone," Campion said.

"We were still moving, so whether you've hit anybody or not, it's very hard to say," he said.

With the insurgents employing more-lethal roadside bombs, ArmorGroup has responded by changing tactics and spending \$6.8 million to bolster its armor. Its new armored "Rock" vehicles are built on Ford F-550 chassis and are favored by ArmorGroup because of a V-shaped hull that provides better protection against roadside bombs.

Chris Berman, a former Navy SEAL who helped design the Rock for North Carolina-based Granite Tactical Vehicles, said its main deterrent is its twin gun hatches. "That gives you twice as much firepower," Berman said. "With two belt-fed machine guns in there, that's enough to chew up most people."

'Caught Up in the Mix'

Built on the site of a former Iraqi tank factory, the Abu Ghraib warehouse complex is known variously as Fort Apache, the Isle of Abu and Rocket City, a reference to when rockets and mortars frequently rained down on the compound.

The bleak, windswept facility consists of 64 buildings spread over a 1 1/2 -mile-long and half-mile-wide area; employees of Public Warehousing (now Agility) -- barricaded inside the fortress -- installed a driving range and a small fishing pond for entertainment. The perimeter is protected by double blast walls, guard towers equipped with belt-fed Dushka machine guns and uniformed Kurdish guards who answer to a military-style rank structure and carry [AK-47](#) assault rifles.

Over the past two years, warehouse personnel "probably average four to six [KIA](#) a month and six to eight wounded a month," said Leon Sharon, the Falcon Security representative, dressed in a khaki military uniform with a "Falcon 6" patch identifying him as a field commander for the company.

"It's not a game," Sharon said. "People get killed here trying to go home. People trying to come here get killed because they work here. People on convoy escort get killed because of the materiel that we're shipping out of here. Truck drivers get killed because they get caught up in these ambushes. And you have security personnel who end up caught up in the mix. And the work has to go on as normal."

Attacks on Iraqi employees became so common that a trauma center was set up inside the main warehouse. Dozens of Iraqis, fearful of going home after work, live in barracks-style housing in the compound.

Sharon, 61, of [Fort Lauderdale, Fla.](#), is rail thin with a weathered, intelligent face shaped by chain-smoking and four decades of military work. He works out of a small office that is also his bedroom. A humidifier sits on his desk. A U.S. flag covers his window. Cartons of Marlboro Reds are stacked behind him near a leather-bound copy of the Koran.

Sharon called Falcon Security a "private military company."

"When you have this many men, you don't manage it as you do a corporation. You manage it very much in the military style," he said. "My men aren't carrying potatoes; they're carrying AK-47s. It's not pilferage we're worried about. It's people storming the walls."

Falcon performs "a military-like role" in Iraq, he said, "with one key exception: We do not, and have no desire to, conduct offensive operations."

But even behind the blast walls, the private and public wars collide, Sharon said. Last year, insurgents attacked a passing U.S. military convoy on a highway outside the gates. Kurdish guards in one of the towers opened fire, killing two insurgents. "The Americans were thrilled," he said.

"All of the work that's being conducted here in Iraq by private security companies would have to be conducted by somebody, and that somebody is U.S. military personnel," he said. "If you had 500 soldiers here, that's 500 less soldiers that you have on the battlefield. And this isn't the only site. There are hundreds of sites around Iraq where you have private security. Where are you going to get this personnel?"

Sharon turns 62 in October. Asked when he planned to leave Iraq, he smiled.



"Last man here, please put the key under the door," he said.

Staff researcher Julie Tate contributed to this report.

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