

# Halliburton Secretly Doing Business with Key Member of Iran's Nuclear Team

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Global Research, August 05, 2005

5 August 2005

Region: [USA](#)

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Scandal-plagued Halliburton, the oil services company once headed by Vice President Dick Cheney, was secretly working with one of Iran's top nuclear scientists on natural gas related projects and, allegedly, selling the scientists' oil company key components for a nuclear reactor, according to Halliburton sources with intimate knowledge of both companies' business dealings.

Just last week a National Security Council report said Iran was a decade away from acquiring a nuclear bomb. That time frame could arguably have been significantly longer if Halliburton, which just reported a 284 percent increase in its fourth quarter profits due to its Iraq reconstruction contracts, was not actively providing the Iranian government with the financial means to build a nuclear weapon.

Now comes word that Halliburton, which has a long history of flouting U.S. law by conducting business with countries the Bush administration said has ties to terrorism, was working with Cyrus Nasser, the vice chairman of Oriental Oil Kish, one of Iran's largest private oil companies, on oil development projects in Tehran. Nasser is also a key member of Iran's nuclear development team.

"Nasser, a senior Iranian diplomat negotiating with Europe over Iran's controversial nuclear program is at the heart of deals with US energy companies to develop the country's oil industry", the Financial Times reported.

Nasser was interrogated by Iranian authorities in late July for allegedly providing Halliburton with Iran's nuclear secrets and accepting as much as \$1 million in bribes from Halliburton, according to Iranian government officials.

It's unclear whether Halliburton was privy to Iran's nuclear activities. A company spokesperson did not return numerous calls for comment. A White House also did not return calls for comment.

Oriental Oil Kish dealings with Halliburton became public knowledge in January when the company announced that it had subcontracted parts of the South Pars natural gas drilling project to Halliburton Products and Services, a subsidiary of Dallas-based Halliburton that is registered in the Cayman Islands.

Following the announcement, Halliburton announced the South Pars gas field project in Tehran would be its last project in Iran. The BBC reported that Halliburton, which took in \$30-\$40 million from its Iranian operations in 2003, "was winding down its work due to a poor business environment."

In attempt to curtail other U.S. companies from engaging in business dealings with rogue nations, the Senate approved legislation July 26 that would penalize companies that continue to skirt U.S. law by setting up offshore subsidiaries as a way to legally conduct business in Libya, Iran and Syria, and avoid U.S. sanctions under International Emergency Economic Powers Act (IEEPA). The amendment, sponsored by Sen. Susan Collins, R-Maine, is part of the Senate Defense Authorization bill.

“It prevents U.S. corporations from creating a shell company somewhere else in order to do business with rogue, terror-sponsoring nations such as Syria and Iran,” Collins said in a statement.

“The bottom line is that if a U.S. company is evading sanctions to do business with one of these countries, they are helping to prop up countries that support terrorism – most often aimed against America,” she said.

The law currently doesn’t prohibit foreign subsidiaries from conducting business with rogue nations provided that the subsidiaries are truly independent of the parent company.

But Halliburton’s Cayman Island subsidiary never did fit that description.

Halliburton first started doing business in Iran as early as 1995, while Vice President Cheney was chief executive of the company and in possible violation of U.S. sanctions. According to a February 2001 report in the Wall Street Journal, “Halliburton Products & Services Ltd. works behind an unmarked door on the ninth floor of a new north Tehran tower block. A brochure declares that the company was registered in 1975 in the Cayman Islands, is based in the Persian Gulf sheikdom of Dubai and is “non-American.” But, like the sign over the receptionist’s head, the brochure bears the company’s name and red emblem, and offers services from Halliburton units around the world.” Moreover, mail sent to the company’s offices in Tehran and the Cayman Islands is forwarded to the company’s Dallas headquarters.

Not surprisingly, in a letter drafted by trade groups representing corporate executives vehemently objected to the amendment saying it would lead to further hatred and perhaps incite terrorist attacks on the U.S and “greatly strain relations with the United States’ primary trading partners.”

“Extraterritorial measures irritate relations with the very nations the U.S. must secure cooperation from to promote multilateral strategies to fight terrorism and to address other areas of mutual concern,” said a letter signed by the Coalition for Employment through Exports, Emergency Coalition for American Trade, National Foreign Trade Council, USA Engage, U.S. Council on International Business and the U.S. Chamber of Commerce. “Foreign governments view U.S. efforts to dictate their foreign and commercial policy as violations of sovereignty, often leading them to adopt retaliatory measures more at odds with U.S. goals.”

Still, Collins’ amendment has some holes. As Washington Times columnist Frank Gaffney pointed out in a [July 25 story](#), “the Collins amendment would seek to penalize individuals or entities who evade IEEPA sanctions — *if* they are “subject to the jurisdiction of the United States.”

“This is merely a restatement of existing regulations. The problem with this formulation is

that, in the process of purportedly closing one loophole, it would appear to create new ones. As Sen. Collins told the Senate: "Some truly independent foreign subsidiaries are incorporated under the laws of the country in which they do business and are subject to that country's laws, to that legal jurisdiction. There is a great deal of difference between a corporation set up in a day, without any real employees or assets, and one that has been in existence for many years and that gets purchased, in part, by a U.S. firm. It is a safe bet that every foreign subsidiary of a U.S. company doing business with terrorist states will claim it is one of the ones Sen. Collins would allow to continue enriching our enemies, not one prohibited from doing so."

Going a step further, Dow Jones Newswires reported that the U.S. Securities and Exchange Commission sent letters in June to energy corporations demanding that the companies disclose in their security filings any business dealings with terrorist supporting nations.

"The letters have been sent by the SEC's Office of Global Security Risk, a special division that monitors companies with operations in Iran and other countries under U.S. sanctions, which were created by the U.S. Congress in 2004," Dow Jones reported.

The move comes as investors have become increasingly concerned that they may be unwillingly supporting terrorist activity. In the case of Halliburton, the New York City Comptroller's office threatened in March 2003 to pull its \$23 million investment in the company if Halliburton continued to conduct business with Iran.

The SEC letters are aimed at forcing corporations to disclose their profits from business dealings rogue nations. Oil companies, such as Devon Energy Corp., ConocoPhillips, Marathon Oil Corp. and Occidental Petroleum Corp. that currently conduct business with countries that sponsor terrorism, have not disclosed the profits received from terrorist countries in their most recent quarterly reports because the companies don't consider the earnings "material."

Devon Energy was until recently conducting business in Syria. The company just sold its stake in an oil field there. ConocoPhillips has a service contract with the Syrian Petroleum Co. that expires on Dec. 31.

*Jason Leopold is the author of the explosive memoir, News Junkie, to be released in the spring of 2006 by Process/Feral House Books. Visit Leopold's website at [www.jasonleopold.com](http://www.jasonleopold.com) for updates.*

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