



Retired military officers cash in as well-paid consultants

By Tom Vanden Brook, Ken Dilanian and Ray Locker

USA TODAY, November 17, 2009

WASHINGTON — Six months after Marine Lt. Gen. Gary McKissock retired in 2002, he did what many other ex-military leaders do: He joined the board of directors of a defense contractor, a company doing business with his former service.

McKissock also had a second job. The [Marines](#) brought him back as an adviser, at double the rate of pay he made on active duty. Since 2005, the Marines have awarded McKissock contracts worth \$1.2 million, in addition to his military pension of about \$119,000 a year.

McKissock is one of at least 158 retired admirals and generals the Pentagon has hired to offer advice under an unusual arrangement. Most of the retired officers, one to four stars in rank, have been paid hundreds of dollars an hour by the military even as they worked for companies seeking Defense Department contracts, a USA TODAY investigation found. That's in addition to pensions of \$100,000 to \$200,000 a year for officers with 30 or more years of service.

MILITARY MENTORS: [158 retired generals consulting for the Pentagon](#)

As "senior mentors," as the military calls them, the retired officers help run war games and offer advice to former colleagues. Some mentors make as much as \$330 an hour as part-time government advisers, more than triple what their rate of pay was as high-level, active-duty officers. They earn more — far more, several mentors said in interviews — as consultants and board members to defense companies.

Retired generals have taken jobs with defense contractors for decades, reaping rewards for themselves and their companies through their contacts and insights. But the recent growth in the use of mentors has created a new class of individuals who enjoy even more access than a typical retired officer, and they get paid by the military services while doing so. Most are compensated both by taxpayers and industry, with little to prevent their private employers from using knowledge they obtain as mentors in seeking government work.

Nothing is illegal about the arrangements. In fact, there are no Pentagon-wide rules specific to the various mentor programs, which differ from service to service.

Based on interviews and a review of public records, USA TODAY found:

- Of the 158 retired generals and admirals identified as having worked for the military as senior mentors, 80% had financial ties to defense contractors, including 29 who were full-time executives of defense companies. Those with industry ties have earned salaries, fees or stock options as consultants, board members or full-time employees of defense firms.
- Mentors are paid from about \$200 to \$340 an hour, plus expenses — many times the rate of pay for active-duty generals, who typically make \$170,000 to \$216,000 a year, including a housing allowance.
- Mentors are hired as independent contractors and are not subject to government ethics rules that would apply if they were hired as part-time federal employees. They don't have to disclose, either to the military or the public, the identities of their clients. Mentors are not barred from lobbying the same officers they are advising, from advertising their military adviser role on company websites, or from taking commercial advantage of insights gleaned through their government work.
- Mentors operate outside public scrutiny. Although the services have released broad pay rates, most won't say how much individual mentors have been paid, and one, the [Missile Defense Agency](#), declined to release any names. Other services released some names but couldn't say the lists were complete. USA TODAY identified many mentors by scouring military documents and other public records.
- In some cases, mentors also work for weapons-makers who have an interest in the military planning the mentors are assisting. A Marines exercise last year, which explored how to launch operations from ships, employed mentors who also had financial relationships with companies that sell products designed to aid those operations.

"This setup invites abuse," says **Janine Wedel**, a George Mason University public policy professor and author of a forthcoming book on government contracting. "Everyone in this story is fat and happy. Everyone, of course, except the public, which has virtually no way of knowing what's going on, much less holding these guys to account."

If retired generals advising the Pentagon also are "being paid by somebody who wants to make money off the government, I think it's important the public know that," says Sen. **Claire McCaskill**, D-Mo., who chairs the subcommittee on contracting oversight. "The reason ... is so the people have confidence that the decisions are being made based on merit, and not based on inside baseball."

Marine Gen. James Mattis is the commander of Norfolk-based Joint Forces Command, which pays at least 34 senior mentors to train active-duty generals and admirals. He confirms that mentors who also work for defense clients may pick up information that benefits their private employer, but he believes that's the only way to ensure that top experts are teaching officers.

"If your concern is that we're exposing them to things that would allow them to have an advantage for their company, I doubt if that can be refuted," Mattis says. "I believe that's a reality. The only way to not have that would be to have either amateurs on their boards of directors, or amateurs in our thing."

Imposing "an assumption of distrust and firewalls," could sour retired generals on the mentoring program, Mattis says. "Ultimately it comes down to trust."

'Way below industry average'

Mentors say they police themselves and would never abuse their positions.

Retired Marine Gen. **Anthony Zinni**, 66, served as a mentor for a Joint Forces strategy exercise last year. "If it ever came across that you were pitching a product (as a mentor), I don't think you'd ever be invited back," he says.

Zinni, who retired in 2000 as chief of U.S. Central Command, is chairman of the board of **BAE Systems**, a large U.S. defense contractor. He had been executive vice president for **Dyncorp** International, another major defense firm, which paid him \$946,000 last year, securities records show. Zinni is eligible for an annual pension of about \$129,000, according to military formulas.

"Obviously it informs how you think about things," he says. "I don't think you can deny that. But sometimes your involvement in the defense industry is exactly what they're looking for beyond your military experience."

The Joint Forces Command says it cannot disclose what Zinni and others were paid as mentors because the information is held by a government-paid contractor, **Northrop Grumman**, which hires the mentors as subcontractors. The rate for three-star generals — Zinni is a four-star — is around \$1,600 a day plus expenses, the command said in a statement.

The Marines say its mentors are paid \$187 an hour for labor alone, while the Navy released figures showing mentors were paid an average of \$330 an hour including expenses. Air Force mentors are paid \$160 to \$486 an hour, not including expenses, the Air Force says.

Retired Army Gen. Gary Luck, 72, helps coordinate the mentor program for Joint Forces Command. Luck says he considers the pay "way below the industry average. ... I'm almost embarrassed about this."

He says he tells mentors, "Look, part of your pay is being kept up to date, being included, so you're getting paid in two ways — monetarily and informationally."

Luck, the former top commander in Korea, serves on the advisory board of **TASER International**, a defense contractor. He says it poses no conflict with his full-time mentoring work.

Information learned by mentors has great value, says Richard Aboulafia, chief aerospace analyst at the Teal Group, which consults for the government and industry on aerospace issues. Teal doesn't employ retired generals.

"It's the most valuable form of market intelligence for a lot of companies," Aboulafia says of senior mentors in war games. "The companies get an insight into what kind of technologies and products are needed to meet emerging strategic visions and requirements."

After Lt. Gen. McKissock retired and started mentoring the Marines on managing supplies, his specialty, he joined the board of Sapient Corp., a Marines contractor. He worked closely while on active duty. As a Sapient director, he was paid a total of \$663,000 from 2003 to 2009, securities records show. He left the board this year.

While McKissock was the Marines' senior mentor, Sapient continued to win supply management contracts from the Marines. In 2006, the company was named a prime vendor by the Marines for business services.

McKissock says he "never talked to a soul in the Marine Corps" about Sapient while he was on the company's board.

"I lose money when I do it," McKissock says of serving as a mentor. He was paid \$166,500 plus expenses as a mentor in 2009, Marine records show.

Some retired officers say they would not work as mentors if they couldn't also work for defense firms.

"My wife wouldn't let me," says Adm. Gregory Johnson, 63, the former commander of U.S. naval forces in Europe.

Johnson says he works as a mentor for about five weeks a year and consults for undisclosed defense firms. Additionally, he was paid about \$133,000 last year to serve on the board of defense contractor CACI International, securities records show. With mentoring alone, "you can't make enough money," he says.

"I don't buy that. That's baloney," counters Maj. Gen. Waldo Freeman, an analyst at the non-profit Institute for Defense Analyses who mentors part time. "I think it's absolutely wrong for somebody to have one foot in both camps.

"I don't see how somebody can be on some (corporate) board, and then be a senior mentor — whereby he is learning information that could advantage his company — and say that's ethical."

'Not your business'

The U.S. Army says it began paying retired generals to come back as mentors in the late 1980s. The Joint Forces Command program dates to 1995. The Air Force began a mentoring program in 2000, the Marines in 2002 and the Navy in 2004, according to the military services and commands.

Some mentoring is done in classrooms at war colleges, some in meetings at the Pentagon and some in war zones. Though they are modeled after one another, the programs are separate — run by the military branches and various commands, not the Defense Department. There is no single budget or set of policies.

In fact, Air Force Chief of Staff [Norton Schwartz](#) in May ordered his staff to determine the number, location and compensation of Air Force mentors, according to the general doing the review, Brig. Gen. John R. "Bob" Ranck.

In interviews, Mattis, Ranck and other active-duty officials extol the benefits of the programs, calling them an invaluable way to train leaders and hear from experts who no longer have to worry about career advancement. Mentors give advice untainted by their business interests, they say. "They're pretty self-policing," Ranck says.

Spending on the programs has grown in recent years. The Navy, for example, went from spending \$112,000 to pay mentors in 2005 to \$838,000 for its four mentors in the current year, according to figures that service released, which do not include the Marines. Other services would not release similar spending figures, but said the programs have expanded. The Army now uses mentors in 70 exercises a year, up from 31 in 2002, says Col. Steven Boylan, an Army spokesman.

Other information is kept from public view. For example, the military services have never made public a full list of their senior mentors. All but the Marines say they are unable to disclose how much each mentor has been paid. They can't do so, they say, because the information is the property of contracting firms who pay the mentors as subcontractors.

The Air Force, Marines, Army and Navy released some names after repeated requests by USA TODAY. Spokesmen for the Air Force, Marines and Army said they could not be sure the lists were complete. The Air Force, for example, was only able to provide names for the most recent fiscal year. The Missile Defense Agency, the Defense Department's missile defense research, testing and deployment arm, refused, without explanation, to disclose the names.

None of the services collects data about the mentors' private business affiliations.

"Government ethics laws are in place for a reason," Rep. [Edolphus Towns](#), D-N.Y., chairman of the House Committee on Oversight and Government Reform, said in a statement. "These laws require that any potential conflicts of interest be disclosed, evaluated and managed. I would expect the Pentagon to fully comply with both the letter and spirit of these requirements. The invaluable expertise of retired military officers should be utilized without sacrificing transparency and accountability."

Some mentors earn more as part-time advisers than they did while serving.

For example, the Marines say they paid retired Lt. Gen. Martin Berndt \$212,000 plus expenses to be a part-time mentor in the 12 months that ended Sept. 30. Berndt, 62, retired in 2005 as commander of Marines forces in the Atlantic region, a job that paid about \$148,000 a year.

In 2008, he was paid \$133,787 in stock and fees to serve on the board of Point Blank Solutions, which sells body armor to the Marines, securities records show.

There was no conflict of interest, he says, because he played no role in the Marines buying from Point Blank, whose board he left in June.

"My role as a board member did not involve selling or marketing," he says.

Others, who are full-time consultants or employees of defense firms, spend just a few weeks a year mentoring. Retired Adm. Robert Natter, who commanded the Atlantic fleet from 2000-03, is a senior mentor and helps lead a U.S. Pacific Command war games exercise each year in Taiwan, he says. The military did not disclose his pay for mentoring.

Natter, 64, is a registered lobbyist for the city of Jacksonville, Fla., who lobbies the Navy and Defense Department on military basing issues, Senate lobbying records show.

He is also a defense consultant and a board member of weapons-maker BAE Systems. From 2004 through 2006, his firm received \$1.5 million from the state of Florida to lobby the Navy and Congress on base-closing decisions, federal lobbying records show.

Natter declined to discuss the full list of his clients, saying, "It's my business, not your business." The website for his consultancy, R.J. Natter & Associates, says clients have included [Lockheed Martin](#), [Microsoft](#), IBM and [Embraer](#) North America.

"The reality is that you know that the people in the room are not stupid," he says, when asked how he juggles potential conflicts of interests while mentoring. "And secondly, you very seldom get into specific systems of ships or tanks or things like that."

Natter was a mentor last year on a Marine exercise designed to explore how to build bases using ships at sea. In 2006, a BAE executive told *Defense Daily* the company was developing a close-range gun that could be mounted on ships used for what is known as sea basing. The system is still in development, BAE spokesman Scott Fazekas says.

Natter says he is unaware of any specific products by BAE or any of his consulting clients related to sea basing.

"The taxpayers are getting a steal," Natter says about his mentor pay.

A game with few rules

Private defense companies have long been hiring retired senior officers to help them do business with the military, and Congress periodically has sought to regulate the practice.

Post-Watergate ethics laws prohibited senior government officials from immediately lobbying their former agencies. A decade later, amid a massive Pentagon bribery scandal, Congress strictly regulated the purchasing system to insulate it from outside influence.

Nevertheless, access and insider knowledge are still prized. A Government Accountability Office report last year found that as of 2006, defense contractors employed 2,435 former generals, admirals, senior executives, contracting officers or others in acquisition positions senior enough to be subject to lobbying rules.

Retired generals and admirals, like other senior government officials, are barred from representing companies before their agency for a year after leaving office. They are prohibited for life from representing a company about a particular matter they worked on, such as a specific contract. After a year, however, they are free to lobby their former colleagues on new matters.

The U.S. government, and the Pentagon specifically, also has ethics rules for hiring consultants.

"In the Department, almost all consultants and all members of advisory committees are appointed as Special Government Employees," says guidance posted on the website of the Defense Department's Standards of Conduct Office. "This means that upon appointment, you assume the responsibilities, obligations and restrictions that are part of public service."

Employees who work more than 60 days in a year and are paid at an executive rate are required to file public financial disclosure reports. They also are forbidden from lobbying the agency about contracts and other specific matters, according to the Office of Government Ethics.

Senior mentors for the military don't have to follow those rules, however, because they are contractors, not employees.

The Marines hire mentors directly on individual personal services contracts, while the other services contract with a defense company and require that firm to hire the retired generals as subcontractors. Luck, the head Joint Forces mentor, called that arrangement an accounting device, a "pass-through. There's no question to anybody where I work, who I work for."

Ranck, the general examining Air Force mentoring programs, says one reason that mentors are not hired as employees is so they can get higher pay and have freedom from the government ethics bureaucracy. Special consultants can only be paid up to \$80 an hour, he says, and the ethics rules constrain their ability to consult for private companies.

Not all mentors consider it appropriate to also work for defense contractors. Admiral Henry Chiles, 71, who retired in 1996 as commander of the U.S. Strategic Command and who now mentors at the National Defense University, says he steers clear of defense companies. "I think by virtue of doing that work for the government, it behooves me not to represent defense contractors," he says.

Under a policy directive issued last week by Air Force Secretary Michael Donley, the Air Force will encourage that mentors be hired as government employees when possible. Senior mentors hired on contract who might "potentially influence procurement decisions" would be required to file a confidential financial disclosure under the policy. The Air Force says the new policy is unrelated to USA TODAY's inquiries.

Ranck says retired four-star generals probably would continue to be hired as contractors because they would want the higher pay and freedom from government ethics rules.

A rule barring senior mentors from representing defense firms before the military "would cause people to reassess," says Air Force Gen. Gregory "Speedy" Martin, who retired in 2005 as commander of the Air Force Materiel Command. He now mentors for Joint Forces Command and the Air Force. His consulting clients have included Northrop Grumman and Lockheed Martin, he says. He also advises a private equity firm whose website boasts that its stable of retired generals has "a nearly unmatched sense of how the armed forces will spend its money."

Martin acknowledges he has contacted Air Force officials involved in acquisitions on behalf of firms paying him. He says he always identified his clients and never did anything inappropriate. He would not be more specific.

Martin recognizes that the insights gleaned while participating in classified planning exercises could make him a more valuable defense consultant. "I am sure that I am getting current information and updates that could make me 'useful' to some aerospace contractor," Martin says in an e-mail.

However, he adds, the information he got through mentoring is no more useful than what he got through other connections with active-duty officers, including briefings and social contacts. "The question," he says, "is what you do with that information."

Find this article at:

http://www.usatoday.com/news/military/2009-11-17-military-mentors_N.htm