



United States Army Legal Services Agency

Procurement Fraud Branch Contract & Fiscal Law Division



Army Procurement Fraud Advisor's Newsletter

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MISSION

The Procurement Fraud Branch (PFB) is part of the Contract and Fiscal Law Division, U.S. Army Legal Services Agency. PFB is the Army's single centralized organization with the mission to coordinate and monitor the status of all criminal, civil, contractual, and administrative remedies in cases of fraud or corruption relating to Army procurements. The Procurement Fraud Advisor's Newsletter has been published since September of 1989 on a quarterly basis to advise Army Procurement Fraud Advisors (PFAs) on the latest developments in procurement fraud and remedies coordination. The Update is also distributed electronically to other Government fraud counsel at their request.

always been essential to the success of the Program, it is especially critical now, given the large increase in acquisitions and dollars, the increasing numbers of criminal investigations of public corruption and contractor misconduct, and the increasing numbers of qui tam lawsuits by relators under the False Claims Act.

One of the most important findings of PFB's evaluation was that, under the current system of requesting documents and reports, there is uneven compliance with the requirements of Chapter 8, "Remedies in Procurement Fraud and Corruption," Army Regulation 27-40: *Litigation*. As a result, PFB sometimes receives information long after it is in the possession of the PFA or, on occasion, not at all. Further, while PFAs have done a good job providing litigation support when requested by PFB and the Department of Justice (DOJ), they have not, for the most part, provided an analysis of the materials that make up their responses. Finally, PFICs often do not receive reports and recommendations from the PFAs, thus making it difficult for the PFICs to properly

MESSAGE FROM THE CHIEF TRIAL ATTORNEY

As part of our ongoing work to improve the Army's Procurement Fraud Program, I requested Procurement Fraud Branch (PFB) to evaluate how the Army's utilizes its Procurement Fraud Advisors ("PFAs") and Procurement Fraud or Irregularities Coordinators ("PFICs"). Based on PFB's findings, over the next several months we plan to implement improvements in training, establish attainable and meaningful benchmarks for PFIC/PFA performance, and improve the quality of coordination between PFB, PFAs and PFICs. While participation by PFICs and PFAs in the Army's Procurement Fraud Program has

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manage command procurement fraud programs and shape command responses to reports of fraudulent activity.

Currently, there is no comprehensive training and support program for PFAs and PFICs, nor even a requirement that PFAs/PFICs receive procurement fraud training. Although PFB and the Contract and Fiscal Law Department of The Judge Advocate's Legal Center and School (TJAGLCS) jointly conduct a biannual procurement fraud course, it is not mandatory for PFAs and PFICs. Only a handful of PFAs and PFICs attend each time the course is given, whether due to command budgetary constraints or some other reason. Training records are not maintained even when training does take place.

To improve the Army's procurement fraud program, we have decided to implement the following changes:

(1) PFAs will be required to provide procurement fraud flash reports, remedies plans, and court documents as part of their regular duties. These documents will be used to provide important analysis for use in remedies coordination by PFB and for use in presenting the Army's position in litigation. In addition, PFAs will continue to assist DoJ attorneys in preparing cases for litigation and assisting in providing electronic and paper documents as part of the discovery process. Litigation reports on individual cases may be prepared on an as-needed basis after coordination between the PFA and the PFB attorney assigned to the case;

(2) PFAs will receive training on procurement fraud indicators, applicable procurement fraud laws, and electronic and paper responses to discovery requests. This training is necessary to ensure that all PFAs possess the basic skills necessary to be proficient. Some of the training tools under consideration are: a PFA deskbook, command VTCs for PFICs and PFAs, and online training modules. PFAs will also be asked to attend the next available TJAGLCS Procurement Fraud Course in Charlottesville, VA, after their appointment to the position and attend continuing legal education courses to maintain their procurement fraud base of knowledge. PFAs that are currently in these positions will have to certify that they have been to the Procurement Fraud Course at some point in the past. All PFAs will be required to update their training records as they complete additional training; and

(3) To better track PFA performance, PFAs need to provide their PFICs statistics on their activities and information on their levels of training. This information will also be forwarded to PFB for use in managing the overall procurement fraud program. Accordingly, PFAs will submit copies of procurement flash reports and remedies plans to the PFIC, in addition to direct submission to PFB. Requests for litigation support would also be routed through the PFICs for action. These requirements will assist the PFICs in exercising accountability for the work product of PFAs.

Implementation of this comprehensive approach will improve the Army's ability to fulfill its procurement fraud mission. We are re-emphasizing the role of the PFICs because we believe that PFICs are in a unique position to exercise oversight of their individual procurement fraud programs as originally intended in AR 27-40. By virtue of their location at command-level legal offices, they are well-situated to respond to the needs of their individual organizations in procurement fraud cases. By decentralizing the responsibility for the gathering of procurement fraud reports and documents to PFAs while centralizing accountability at the PFIC level, our intent is to improve training, establish attainable and sustainable benchmarks for PFA performance and to improve the quality of coordination at all levels of the program – installation, command, and at PFB.

Over the next several months we will begin implementing this transformation of the relationship between PFAs, PFICs, and PFB. We are currently working on developing formats for required PFA reports, developing useful and accessible training tools, and establishing clear instructions for the implementation of this new relationship. We believe that PFICs and PFAs are vital to the success of the procurement fraud mission and look forward to working with you in the future to improve the Army's capabilities in this area. PFICs and PFAs who have suggestions regarding this plan are encouraged to provide them to Brian Persico or Angelines McCaffrey at PFB.

(COL Samuel J. Rob)

MESSAGE FROM THE ARMY SUSPENSION AND DEBARMENT OFFICIAL



DOD Procurement Fraud Working Group Update:

The DOD Procurement Fraud Working Group continues to be widely attended by DOD procurement fraud attorneys, investigators, auditors, Department of Justice (DOJ) criminal and civil attorneys, and DOD acquisition policy makers. I met recently with the Air Force and Navy SDOs to discuss ways to expand the participation and involvement of the DOD acquisition community in the working group. A third annual conference is planned for the spring of 2007 and will be hosted by the Navy. Further details of the spring conference will be provided in the January issue of the Update.

The DOD Procurement Fraud Working Group was also singled out by the General Accounting Office in a recent report, *Contract Management: DOD Vulnerabilities to Contracting Fraud, Waste, and Abuse* (GAO Report 06-838R, 7 July 2006). The GAO reviewed areas of vulnerability that DOD faces with regard to contracting fraud, waste, and abuse, and the recent initiatives DOD has taken to address these vulnerabilities, including actions DOD has taken in response to a March 2006 Defense Science Board report on management oversight in acquisition management. The study was required by the National Defense Authorization Act for Fiscal Year 2006. The GAO commended Army and Air Force General Counsels' offices for initiating the DOD Procurement Fraud Working group (chaired by DCMA). In fact, with respect to Army, the working group was initiated by the Army Suspension and Debarment Official, OTJAG, working with the Army Procurement Fraud Branch, Contract and Fiscal Law Division, USALSA. The study also addressed steps taken by each military department to address vulnerabilities. With respect to Army, the GAO mentioned the new procurement fraud advisors' offices deployed alongside units in Afghanistan and Iraq and the Army Fraud fighter's website.

Leaders from the recently formed DOJ National Procurement Fraud Task Force have attended recent meetings of the working group for purposes of facilitating the sharing of information between the groups. On October 10, 2006, Deputy Attorney General Paul J. McNulty announced a new initiative to promote the detection and prosecution of procurement fraud associated with increased contracting activity for national security and other Government programs. The task force will be chaired by Assistant Attorney General Alice Fisher of the Criminal Division. The Criminal Division will be joined by the Civil Division, US Attorney's offices, the FBI, agency OIGs and other law enforcement agencies, including DCIS and Army CID. The task force will focus on significant cases in public corruption, conflict of interest violations, product substitution, misuse of procurement sensitive information, defective pricing, and false claims. The initiative provides a structure for increased coordination among federal law enforcement agencies. Many members of the DOD Procurement Fraud Working Group now attend task force meetings.

(Robert N. Kittel)

TRAINING/OUTREACH

Contract & Fiscal Law Division

On 12 September 2006, PFB sponsored a professional development program for the trial attorneys of Contract & Fiscal Law Division (KFLD), who also assist PFB in processing fraud cases. A significant part of the Army fraud mission performed by PFB is to provide litigation support to DOJ in fraud cases. MAJ Art Coulter, Army KFLD liaison and Special Assistant at DOJ Civil Fraud, Commercial Litigation, spoke on the "nuts and bolts" of working with DOJ on fraud cases. MAJ Coulter has accumulated over two years of experience at DOJ. He shared his wealth of experience accumulated by addressing issues such as: False Claims Act litigation (qui tam); expectations of DOJ attorneys with respect to agency and PFB counsel; and provided tips on how PFB and agency counsel can assist in the litigation of agency qui tam cases.

Taxpayers Against Fraud

Suspensions

On 8 September 2006, Mr. Brian Persico, PFB, participated in a panel discussion on Iraq Procurement Fraud hosted by Taxpayers Against Fraud during their annual conference in Washington D.C. In addition to Mr. Persico, the panel participants were T. Christian Miller, Investigative Reporter, *L.A. Times*, Washington, D.C. Bureau, and author of the book *Blood Money*; Victor Kubli, Esq., Qui Tam Counsel, Grayson & Kubli, P.C.; and Craig Rupert, Special Agent, Assistant Deputy Director, Economic Crime Programs, Defense Criminal Investigative Service. They discussed issues facing investigators and legal practitioners in developing fraud cases in Iraq including evidence gathering, contract vehicles and sources of funding and presentment issues in False Claims Act cases. MAJ Art Coulter, PFB's Department of Justice liaison, also participated in a panel discussion on Defense Procurement Fraud also hosted by Taxpayers Against Fraud. MAJ Coulter was joined by Mr. John Polk, Air Force General Counsel, Office of Contractor Responsibility, and Special Agent Craig Rupert. Issues discussed included topics that the Department of Defense would like to see addressed by the Qui Tam bar in False Claims Act actions and do's and don'ts for qui tam attorneys assisting in Qui Tam investigations.

ISDC

On 11 October 2006, Mr. Norm Zamboni, PFB, made a presentation to the Interagency Suspension and Debarment Committee in Washington, DC. The presentation centered on the debarment proceedings of contractor "WEDJ/Three C's Inc.," and the resulting federal court litigation. Mr. Zamboni discussed the factual underpinnings of the case, the legal issues that arose during the debarment, the unique procedural aspects of the debarment and federal court litigation, the highlights of the federal court decision, and the lessons learned from the process. Mr. Zamboni was invited to speak by Mr. Bob Meunier, Chair of the Interagency Suspension and Debarment Committee, and Suspension and Debarment Official for the Environmental Protection Agency.

(1) Conflict of Interest (Germany). On 11 July 2006, the USAREUR SDO suspended Ms. Daliborka Ristevska and Mr. Paul Leaker, co-owners of Dragon Group International (DGI), and DGI for conspiracy to violate the Joint Ethics Regulations and 18 U.S.C. § 208 (Acts Affecting a Personal Financial Interest). Mr. Leaker and Ms. Ristevska allegedly conspired with two DoD employees to form DGI for the purpose of winning the 2005 Balkan Range Support Contract. The DoD employees allegedly provided substantial assistance in creating DGI, in violation of the Joint Ethics Regulation and 18 U.S.C. § 208(a). The improper assistance included using Government resources to form this company, and providing privileged procurement information to DGI. (CPT Bergen)

(2) Fraud (Iraq). On 19 July 2006, the Army SDO suspended Lieutenant Colonel (LTC) Bruce D. Hopfengardner, USAR, based on accusations that he engaged in wire fraud, wrongful conversion, interstate transportation of stolen property, conspiracy, and money laundering. Between January and July 2004, LTC Hopfengardner was deployed to the Coalition Provisional Authority – South Central Region (CPA-SC) as part of OPERATION IRAQI FREEDOM to assist in the reconstitution of the Iraqi police force. On 7 July 2006, an indictment against LTC Hopfengardner in the United States District Court for the District of Columbia was unsealed, alleging his actions in connection with a bribery and fraud scheme involving multiple contracts awarded by CPA-SC during his deployment. As part of this scheme, LTC Hopfengardner was allegedly involved in the fraudulent award of contracts and the authorization of cash payments, despite defective performance (or non-performance) of contract terms. Furthermore, LTC Hopfengardner is accused of stealing \$120,000.00 in cash from CPA-SC, in cooperation with other co-conspirators, and subsequently smuggling it into the United States at the conclusion of his deployment to Iraq. (Mr. Persico)

(3) False Statements (USACE). On 14 August 2006, the Army SDO suspended Managed Subcontractor's International, Inc. (MSI), and employees Ms. Robyn Tumey, Mr. Brent G. Tumey, Ms. Valerie L. Colby, and Mr. Anibal T. Rodriguez. On 27 June 2006, MSI, Mr. Tumey, and Ms. Colby were indicted in the United States District Court, Western District of Missouri, on 50 counts of making false

SUSPENSIONS & DEBARMENTS

statements, in violation of 18 U.S.C. §§ 1001(a)(2) and 2. MSI was also indicted for violating 18 U.S.C. §§ 7 and 13, in that, while acting as an employer, it failed to furnish compensation for the personal injury or death of one of its employees by an accident arising out of, and in the course of, the employment. Mr. Rodriguez was indicted on one count of violating 42 U.S.C. § 408(a)(7)(B), by representing, with intent to deceive, that number 486-47-xxxx was a social security number assigned to him by the Commissioner of the Social Security Administration. (Ms. McCaffrey)

(4) Bribery (Kuwait). On 5 September 2006, the Army SDO suspended Lieutenant Colonel (LTC) Marshall A. Gutierrez, United States Army, who was assigned to the U.S. Army Area Support Group Kuwait (ASG-KU), located at Camp Arifjan, Kuwait, as Director of Logistics. On 18 August 2006, LTC Gutierrez was arrested by CID agents based on allegations that between 1 July and 18 August 2006, he offered to disclose procurement-sensitive information to an employee of a contractor currently providing logistics support to the U.S. Army, in exchange for a cash payment of approximately \$3,400. Immediately prior to his arrest, LTC Gutierrez was observed and recorded by CID agents receiving a cash payment of approximately \$3,400 from the contractor. On 22 August 2006, the Commander, ASG-KU, preferred charges against LTC Gutierrez. (Mr. Persico)

(5) Wire Fraud (Information Technology Agency). On 11 September 2006, the Army SDO suspended Mr. Robert Edward Johnson, who pled guilty in the United States District Court, Eastern District of Virginia, to criminal information charging him with wire fraud. Mr. Johnson was employed by the Army as the Chief, Quality Assurance, Contracting Officer's Technical Representative (COTR), and assigned to the Information Technology Agency located in Rosslyn, Virginia. Mr. Johnson used his official position as the COTR to unlawfully obtain more than \$150,000 when he directed prime contractors to subcontract with two companies in which he secretly held a financial interest, and when he falsely certified that the prime contractors and subcontractors had provided services to the Army when, in fact, those services had not been provided. (Ms. McCaffrey)

(6) Conspiracy (Fort Monmouth). On 11 September 2006, the Army SDO suspended Mr. Michael Rzeplinski, Ms. Connie Davidson, Ms. Kirsten

Davidson, and R-ZED Engineering Services (ZED). Mr. Rzeplinski worked at Fort Monmouth, New Jersey, as a supervisory engineer for the Army. Ms. Connie Davidson worked for GSA as the lead customer relations manager with the Federal Technology Service (FTS), a division of GSA that provides IT services to various federal agencies, including the Army. Ms. Kirsten Davidson is the daughter of Ms. Connie Davidson. Mr. Rzeplinski arranged for a project to be awarded to two Government contractors to provide IT-related services. He asked both contractors to hire Ms. Kirsten Davidson to perform computer-related services under his direction, and the contractors then billed the Army for her "services." Mr. Rzeplinski approved approximately \$838,710 in payments under this arrangement, although no work was actually performed by Ms. Kirsten Davidson under either of the two contracts. In addition, Mr. Rzeplinski caused one of the contractors to hire a company called R-ZED Engineering Services (ZED), a sole proprietorship he controlled, as a subcontractor. From June 2002 until October 2005, the contractor mailed monthly checks in amounts of \$4,000, and later \$4,500, to ZED for work which was never performed. On 27 April 2006, Mr. Rzeplinski and Ms. Kirsten Davidson were indicted in the United States District Court of New Jersey. On 9 August 2006, a Superseding Information was filed against Connie Davidson, she having waived prosecution by indictment. (Mr. Kim)

(7) Wire Fraud (New Jersey). On 28 September 2006, the Army SDO suspended Mr. Eric S. Drimmer, who operated a company called Capital Research Bureau. Allegedly, from July 2001 to June 2005, he and the company fraudulently gathered information from Government contractors, namely lists of vendors and subcontractors. Capital Research Bureau then sold the lists to marketing organizations that used them for business development purposes. To obtain the information, Mr. Drimmer and other Capital Research Bureau employees contacted Government contractors, falsely identified themselves as Government contracting officers or other contracting office personnel, asked the contractors for their vendor and subcontractor lists, and then sold that information to marketing companies. Mr. Drimmer's fraudulent scheme garnered over \$400,000 in income. On 7 April 2006, Capital Research Bureau was charged, via criminal information, in the U.S. District Court for the District of New Jersey, with wire fraud, in violation of 18 U.S.C. § 1343. Mr. Drimmer

was charged, via criminal information in the same U.S. District Court, with conspiracy to commit wire fraud, in violation of 18 U.S.C. § 371. (Mr. Zamboni)

Termination of Suspension

Bribery (Kuwait). On 11 September 2006, the Army SDO terminated the suspension of LTC Marshall A. Gutierrez, United States Army. On 5 September 2006, the Army SDO suspended LTC Gutierrez, who was assigned to the U.S. Army Area Support Group Kuwait (ASG-KU), based on allegations that, between 1 July and 18 August 2006, he offered to disclose procurement-sensitive information to an employee of a contractor providing logistics support to the U.S. Army, in exchange for a cash payment of approximately \$3,400. LTC Gutierrez died on 5 September 2006. (Mr. Persico)

Proposed Debarments

(1) Theft (Fort Lewis). On 19 July 2006, the Army SDO proposed Private (PVT) David D. Woolridge, B/1-23 Infantry, Fort Lewis, Washington, for debarment, based upon a court-martial conviction for conspiracy to unlawfully appropriate and sell various items of military property, including MREs, chemical light sticks, and military munitions, to a civilian purchaser. On or about 3 November 2005, PVT Woolridge was apprehended by CID agents following an exchange of stolen property with an undercover CID agent. At the time these incidents occurred, PVT Woolridge held the rank of Sergeant. On 10 May 2006, PVT Woolridge pled guilty at a court-martial proceeding held at Fort Lewis to four specifications of conspiracy to commit larceny, 14 specifications of wrongfully selling military equipment, and three specifications of stealing military equipment. He was sentenced to reduction in rank to pay grade E-1, forfeiture of all pay and allowances, 40 months confinement, a reprimand, and a bad-conduct discharge (BCD). (Mr. Persico)

(2) Fraud (Fort Riley). On 25 July 2006, the Army SDO proposed for debarment Messrs. David C. Wittig and Douglas T. Lake, former officers of Westar Energy, Inc., a public utility company under the supervision of the Kansas Corporation Commission. On 3 April 2006, Mr. Wittig was found guilty in the United States District Court, District of Kansas, of one count of conspiracy to commit fraud; 14 counts of circumventing internal controls of Westar to violate Federal laws; seven counts of wire fraud; 17 counts of engaging in monetary transactions with property

derived from unlawful activity; and one count of criminal forfeiture. Mr. Wittig was sentenced to 18 years confinement, and ordered to make restitution to Westar, Inc., in the amount of \$14,487,176.80. On 12 April 2006, Mr. Lake was found guilty in the United States District Court, District of Kansas, of one count of conspiracy to commit fraud; 13 counts of circumventing internal controls of Westar to violate Federal laws; six counts of wire fraud; ten counts of engaging in monetary transactions with property derived from specified unlawful activity; and one count of criminal forfeiture. Mr. Lake was sentenced to 15 years confinement, and ordered to pay restitution in the amount of \$2,785,067.49 to Westar, Inc. (Ms. McCaffrey)

(3) Larceny (Fort Lewis). On 25 and 26 July 2006, the Army SDO proposed for debarment the Soldiers referenced below. These Soldiers, stationed at Fort Lewis, Washington, conspired to unlawfully appropriate and sell, without proper authority, various items of military property, including MREs, chemical light sticks, and Gortex pant-and-jacket suits.

i. On 12 June 2006, Private (PVT) James E. Postell, HSB/3-2 Infantry, pled guilty to two specifications of conspiracy to commit larceny. Subsequently, PVT Postell was sentenced to a reduction in rank from Sergeant First Class to PVT, forfeiture of all pay and allowances, six months confinement, and a bad-conduct discharge (BCD).

ii. On 25 May 2006, Private First Class (PFC) Robert G. Stevens, Jr., HHC 26/3-2 Infantry, pled guilty to one specification of conspiracy to commit larceny and one specification of wrongfully selling military equipment. Subsequently, PFC Stevens was sentenced to reduction in rank from Sergeant First Class to PFC, five months confinement, and a reprimand.

iii. On 7 June 2006, Private (PVT) James R. Pennington, A/5-2 Infantry, was convicted of two specifications of wrongfully disposing of military equipment. Subsequently, PVT Pennington was sentenced to reduction in rank from Staff Sergeant to PVT; forfeiture of \$650 per month for six months; 180 days confinement; restriction to the limits of the battalion area, dining facility, and chapel; and a reprimand. (Mr. Persico)

(4) Larceny (Fort Lewis). On 26 July 2006, the Army SDO proposed for debarment the Soldiers referenced below.

i. On 10 April 2006, Private (PVT) Arthur Smith, Noncommissioned Officer (NCO) Academy, 1 Corps, pled guilty to one specification of disobeying a lawful order from an NCO, 25 specifications of wrongfully selling military equipment, and one specification of obstruction of justice. PVT Smith was sentenced to reduction in rank from Staff Sergeant to PVT, forfeiture of all pay and allowances, eight years confinement, a fine of \$150,000, and a BCD.

ii. On 5 June 2006, Private First Class (PFC) Mario R. Huerta-Morales, A/3-2 Infantry, pled guilty to one specification of conspiracy to commit larceny and one specification of wrongfully selling military equipment. He was subsequently sentenced to reduction in rank from Sergeant to PFC, forfeiture of \$849 pay per month for four months, four months confinement, and a BCD.

iii. On 8 June 2006, Private (PV2) Matias C. Inocentes, HHC/3-2 Infantry, pled guilty to one specification of conspiracy to commit larceny and two specifications of wrongfully selling military equipment. Subsequently, PV2 Inocentes was sentenced to reduction in rank from Staff Sergeant to PV2, forfeiture of \$650 pay per month for six months, six months confinement, and a reprimand. (Mr. Rosenbloom, legal intern, and Mr. Persico)

(5) Fraud (Germany). On 7 August 2006, the USAREUR SDO proposed for debarment the following individuals and firms: Mr. Michael Speicher; Mr. Hans Speicher; Schlosserei & Metallbau Speicher Möbel-Kirsch GmbH; Holzfachzentrum Gschwander GmbH; and Garten-Creativ. The proposed debarments are based on their conspiracy with SKE GmbH, a contractor on the Edelweiss Lodge and Resort project, and Mr. Steven Potoski, former contracting officer with the Armed Forces Recreation Center, Europe, to defraud the U.S. Government. Mr. Potoski and SKE GmbH conspired to defraud the Government by inflating costs on the Edelweiss project. Schlosserei & Metallbau Speicher, through Messrs. Michael and Hans Speicher, built and painted a fence at Mr. Potoski's residence, and then charged the cost of the work to SKE. Möbel-Kirsch GmbH provided dining room furniture to Mr. Potoski, and then charged the cost of the furniture to SKE. Holzfachzentrum Gschwander GmbH provided

wood flooring to Mr. Potoski's son's apartment, and then charged the cost of the flooring to SKE. Garten Creativ built a terrace at Mr. Potoski's home, and then charged the cost of the work to SKE. SKE, in turn, charged the Government. (CPT Bergen)

(6) Overcharging and Embezzlement (Schofield Barracks). On 10 August 2006, the Army SDO proposed for debarment Mr. John G. Phelps and Ms. Susan M. Phelps, and their companies Ash Painting Inc., Global Builders Inc., Global Consultants & Coatings, and Professional Coatings Corp. Ash Painting ran out of money before completing a contract at Schofield Barracks, Hawaii. Its surety company agreed to provide money to Ash Painting to complete the contract. However, Mr. Phelps gave fraudulent information to the surety by falsifying his labor costs, thereby bilking the surety out of \$292,000. Also, Mr. Phelps embezzled \$181,000 from the retirement pension plan of one of his companies. In November 2005, Mr. Phelps pled guilty, in the U.S. District Court for the District of Hawaii, to three counts of fraud and one count of embezzlement. The Court sentenced him to 51 months imprisonment, 5 years supervised release, and ordered him to make restitution in the amount of approximately \$292,000. Previously, in 1990, Mr. Phelps was convicted in federal court of False Statements and Conspiracy to Commit False Statements. Based on those convictions, the Army debarred Mr. Phelps, Ms. Phelps, Professional Coatings Corporation, and Ash Painting, Inc., for three years. (Mr. Zamboni)

(7) Bribery (Germany). On 14 August 2006, the Army SDO proposed Mr. Alan V. McQueen, owner and President of Flat Rock Furniture, Inc. (Flat Rock), as well as Flat Rock itself, for debarment. On 20 April 2006, Mr. McQueen pled guilty in United States District Court, Southern District of Indiana, Indianapolis Division, to paying a gratuity to a public official, and traveling in interstate or foreign commerce in aid of a racketeering enterprise. He was sentenced to a 12-month term of imprisonment (followed by one year of supervised release), a \$23,500 fine, and ordered to make restitution to the U.S. Army Morale & Recreation Fund in the amount of \$80,000. (Ms. McCaffrey)

(8) False Statement (Aberdeen Proving Ground). On 15 August 2006, the Army SDO proposed for debarment Messrs. Robert L. Shewell and Joseph E. Ambrozewicz, who were employees of Maryland Environmental Service (MES). MES is a corporation

established by the State of Maryland. MES contracted with the Army to operate a water treatment plant at Aberdeen Proving Ground, Maryland. Mr. Shewell was the plant superintendent, and Mr. Ambrozewicz was the plant engineer. In January 2001, a leak occurred at the water treatment plant and untreated, contaminated groundwater spilled out of the plant. Messrs. Shewell and Ambrozewicz lied to Army personnel about the nature of the spill, and attempted to conceal its true nature. On 3 April 2006, Mr. Shewell pled guilty, in the U.S. District Court for the District of Maryland, to one count of false statements, in violation of 18 U.S.C. § 1001. The Court sentenced him to one year of probation and a \$1,000 fine. On 5 April 2006, Mr. Ambrozewicz pled guilty, in the same U.S. District Court, to one count of false statements, in violation of 18 U.S.C. § 1001. The Court sentenced him to 12 months probation, 40 hours of community service, and a \$1,000 fine. (Mr. Zamboni)

(9) False Claims (USFK). On 13 September 2006, the USFK SDO proposed Mr. Myong Su Kang (Dura Corp.) for debarment. Mr. Kang submitted approximately 40 certified invoices requesting payment for work that was never performed, or work that was clearly deficient, in connection with building renovation projects at Camp Humphreys. CID estimated the loss to the Government at \$521,756.58. (LTC Dorn)

(10) Fraud (Iraq). On 15 September 2006, the Army proposed Mr. Christopher Joseph Cahill for debarment. Mr. Cahill pled guilty in the United States District Court, Central District of Illinois, to committing one count of major fraud against the United States. Mr. Cahill was employed by Eagle Global Logistics (EGL) as the Regional Vice President for the Middle East and India. In his capacity as vice president of this region, he committed fraud when he added a war risk surcharge of \$0.50 for each kilogram of freight transported to Baghdad. EGL's invoices, with the unauthorized surcharge, were submitted to Kellogg Brown and Root Services, Inc., which, in turn, passed the costs on to the Government for payment. (Ms. McCaffrey)

(11) Bribery (California). On 25 September 2006, the Army SDO proposed for debarment Mr. Randall Harold Cunningham and Top Gun Enterprises, Inc. ("Top Gun"). Mr. Cunningham was a member of Congress. From 2000 through 2005, Mr. Cunningham, while in office, accepted bribes from

defense contractors in exchange for influencing Government contracting and appropriations. The bribe money and benefits totaled \$2.4 million, and were paid to Mr. Cunningham personally or to his company, Top Gun. He also unlawfully evaded income taxation for tax years 2000 through 2004 by failing to declare the bribe money and benefits as income. Mr. Cunningham pled guilty, in the United States District Court for the Southern District of California, to conspiracy to commit bribery, mail fraud, wire fraud, and tax evasion. On 3 March 2006, he was sentenced to 100 months imprisonment, three years of supervised release, and ordered to pay approximately \$1.8 million in restitution to the Internal Revenue Service for back taxes. Mr. Cunningham was also ordered to forfeit the proceeds of his crimes, totaling \$1.8 million. (Mr. Zamboni)

(12) Bribery (MOTSU). On 29 September 2006, the Army SDO proposed for debarment Mr. Bassam M. Mansour, who was employed by DOD as Chief of Public Works Division and Engineering Advisor to the Commander at the Military Ocean Terminal at Sunny Point (MOTSU), Southport, North Carolina. MOTSU is an ocean-shipping terminal responsible for shipping much of the military armament which leaves the East coast of the U.S. On 21 July 2004, Mr. Mansour was indicted in the United States District Court, Eastern District of North Carolina-Southern Division, for violation of 18 U.S.C. §§ 371 (conspiracy) and 201(b)(2) (bribery). On 14 June 2005, Mr. Mansour pleaded guilty to conspiracy and bribery. From some date prior to 3 September 2003, and continuing until on or about 23 June 2004, Mr. Mansour demanded and received payments and other items of value from MOTSU contractors in exchange for promises that the contractors would continue to receive Government contracts. On 14 June 2005, Mr. Mansour was sentenced to 46 months incarceration, three years supervised release, an assessment of \$200, and a fine of \$23,425. Mr. Mansour's projected release date is 19 December 2008. (Mr. Kim)

Termination of Proposed Debarment

(1) Conflict of Interest (DCC-W). On 19 July 2006, the Army SDO terminated the proposed debarment of Mr. Jerry Swanner. Mr. Swanner was assigned to the Army G-1, and was the Suicide Prevention Program Manager at the Pentagon. As a result of Mr. Swanner's experience and expertise, he received a job offer from Living Works Education

(LWE). Although his involvement in the award of contracts while on active duty clearly restricted his ability to contact Government employees per 18 U.S.C. § 207, he made contacts with Government personnel in violation of the statute. On September 8, 2005, Mr. Swanner personally presented his response to the proposed debarment, and also submitted written matters via fax on September 13, 2005. In order to assure Mr. Swanner's present responsibility, he was given the opportunity to participate in a training regimen in Government ethics in lieu of debarment. On July 6, 2006, he successfully completed a program of instruction on *Ethics in Federal Contracting*. (Mr. Kim)

(2) Gratuities and Fraud (USAREUR). On 21 July 2006, the USAREUR SDO terminated the proposed debarment of Messrs. Christopher Wilcock and Richard Woods, and Andy Thornton Limited (ATL). The termination was based on submissions from the respondents and additional exculpatory statements from Mr. Steven Potoski, a contracting officer with Armed Forces Recreation Center-Europe, who provided contracting support for the building of the Edelweiss Lodge and Resort. The USAREUR SDO decided that the evidence did not merit a debarment of the named individuals or ATL. (CPT Bergen)

Debarments

(1) Purchase Card Fraud (USFK). On 25 July 2006, the Army SDO debarred Mr. Fidel Diaz, former Chief of the Supply and Storage Division, Department of Public Works (DPW), U.S. Forces, Korea, until 19 June 2011. From March 2002 to July 2004, Mr. Diaz falsified numerous purchase documents to create the illusion that DPW was purchasing 40 electrical transformers from Korean companies. He then authorized payment for the non-existent transformers by using his own Government Purchase Card, and by directing subordinates to sign blank Government Purchase Card documents for their cards. In total, Mr. Diaz authorized approximately \$250,000 in illicit payments. The contractors then paid approximately \$200,000 in kick-backs to Mr. Diaz. Mr. Diaz pled guilty in the U.S. District Court, District of Columbia, to Conspiracy to Defraud the United States. The Court sentenced Mr. Diaz to 30 months in prison, followed by three years of supervised release. The Court also ordered Mr. Diaz to pay approximately \$308,000 in restitution to the U.S. Government. (Mr. Zamboni)

(2) Gratuity (CFSC). On 16 August 2006, the Army SDO debarred Mr. John Mack Grassmick, former Program Manager, USACFSC Joint Services Prime Vendor Program, who was sentenced to 12 months and one day of confinement, a \$5,000 fine, and one year of supervised release based upon his guilty plea in the United States District Court, Eastern District of Virginia, to soliciting a gratuity. The SDO also debarred Mr. Steven Louis Shavitz, former Direct of Chain Sales, U.S. Foodservice, Inc. Mr. Shavitz met with Mr. Grassmick, who provided Mr. Shavitz pricing margins for a \$20 million renewable food services contract. The SDO also debarred J.G. Consulting, LLC, a company Mr. Grassmick incorporated and used to conduct private business from his Government office. Mr. Grassmick failed to disclose the conflict of interest resulting from his association with this company to the Government. (MAJ McCoy)

(3) Contract Fraud (USFK). On 22 August 2006, the USFK SDO debarred Universal Promotions (Universal) and two principal employees, Messrs. Chae-Hyun Ko and Chong-Hwan U, for three years. The employees of Universal facilitated entry visas using fraudulent NAF contract documents. On 18 May 2006, the Seoul Immigration Office notified CID that it had received suspected fraudulent documents in support of visa applications. The documents were purportedly U.S. Government NAF contracts from Universal, and were used in support of visa applications for several third-country nationals (Philippines). The documents were fraudulent entertainment contracts between Universal and Contract Command Korea to provide entertainers. (LTC Dorn)

(4) Conflict of Interest (USFK). On 22 August 2006, the USFK SDO debarred Cubic R&D Company (Cubic) and its president, Mr. Kwang Su Chang, and Mr. He Su Chang, its manager, for three years. The USFK SDO also extended the debarment of Do-All Interior Company (Do-All) and its president, Mr. Yun Su Chang, for five years. Do-All and Mr. Chang were previously debarred on 27 July 2004 for threatening to put another contractor out of business if it did not withdraw its bid for a contract on which Do-All was bidding. On 25 January 2005, Cubic registered as a contractor with U.S. Army Contracting Command Korea (USACCK). Messrs. Kwang Su Chang, Yun Su Chang, and He Su Chang are all brothers. Cubic and Do-All share the same address, and the factory located at the address is owned by Mr. Yun Su

Chang. Additionally, Mr. Yun Su Chang transferred three vehicles owned by Do-All to his brother, Mr. Kwang Su Chang, in June 2005. Cubic is a corporate façade for a debarred contractor, Do-All. Evidence further indicates that Messrs. Kwang Su Chang and He Su Chang are engaged in the same unethical business practices that resulted in Do-All's debarment, viz., threatening competitors to coerce them into withdrawing their competing bids. (LTC Dorn)

(5) Arms Trafficking (Department of State). On 11 September 2006, the Army SDO debarred Mr. Kwonhwan Park, a/k/a Howard Park. Mr. Park pled guilty in the United States District Court, District of Connecticut to two counts of unlawfully diverting United States Munitions List items from the United States in violation of 22 U.S.C. § 2778 and the International Trafficking in Arms Regulations. (Ms. McCaffrey)

(6) Fraud (Fort Eustis). On 26 September 2006, the Army SDO debarred Ms. Ethel Mae Holmes and her company, Holmes Environmental, Inc. (HEI). On 4 December 2003, a Federal Grand Jury in the District Court, Eastern District of Virginia, returned an indictment against Ms. Holmes charging her with one count of conspiracy; seven counts of mail fraud; and four counts of false claims. Ms. Holmes was also charged with aiding and abetting on the charges of mail fraud and false claims. HEI operates in the asbestos and lead abatement industry as a project designer, and monitors and inspects projects at federal and state facilities. In order to work in the asbestos and lead abatement industry, employees of HEI were required to comply with EPA regulations and attend mandated training programs. Between 1998 and 2001, Ms. Holmes purchased numerous false training certificates for herself and her employees, and submitted these certificates as proof that HEI had completed the required training to perform asbestos and lead abatement in accordance with federal and state laws. On 7 November 2005, Ms. Holmes was found guilty of every count in the indictment. She was sentenced to five months imprisonment, three years of supervised release, and \$1,200 in criminal monetary penalties. (Mr. Kim)

Administrative Hearings

(1) Fraud (Fort Eustis). On 18 August 2006, a hearing was held before the Army SDO at the request of Ms. Ethel Mae Holmes, owner and president of Holmes Environmental, Inc. (HEI). On 4 December 2003, a Federal Grand Jury in the District Court, Eastern District of Virginia, returned an indictment against Ms. Holmes charging her with conspiracy, mail fraud, false claims, and aiding and abetting. On 7 November 2005, Ms. Holmes was found guilty of every count in the indictment. During the hearing, Mr. Holmes presented oral arguments to the SDO that she was, in fact, not guilty of the charges of which she was convicted. (Mr. Kim)

(2) Anti-competition (SDDC). On 15 September 2006, the Army SDO held an informal present responsibility hearing for Arpin Group (Arpin). The Army sent Arpin a show cause letter on 8 August 2006, detailing its concern that the language in the carrier-to-carrier agreements it signed with its agents appeared to violate Arpin's Certificate of Independent Pricing, and suggest a restriction on price competition. During this meeting, Arpin, which was represented by counsel, agreed to change the language in its carrier-to-carrier agreements, establish a code of ethics and business practices, and institute an employee training program that will cover the new code of ethics and business practices. (Ms. McCaffrey)

(3) Bribery (Germany). On 19 September 2006, the Army SDO held a present responsibility hearing for Flat Rock Furniture, Inc. (Flat Rock). Flat Rock and its former President and owner, Mr. Alvan Vance McQueen II, were proposed for debarment on 14 August 2006. Mrs. Amy Good McQueen, the new owner and President of Flat Rock, asked to meet with the Army SDO to personally present matters in opposition to the proposed debarment of Flat Rock. (Ms. McCaffrey)

Compliance Agreements

(1) Gratuity (NAF). On 14 August 2006, the Army proposed Mr. Alvan V. McQueen, former owner and President of Flat Rock Furniture, Inc. (Flat Rock), and Flat Rock for debarment. On 29 September 2006, the Army SDO signed an Administrative Compliance Agreement (ACA) with Flat Rock. The ACA removed Flat Rock from the EPLS, but kept Mr. McQueen in a proposed debarment status due to his 20 April 2006

OTHER ACTIONS

guilty plea in the United States District Court, Southern District of Indiana, Indianapolis Division, to paying a gratuity to a public official, and traveling in interstate or foreign commerce in aid of a racketeering enterprise. On 20 April 2006, Mr. McQueen was sentenced to a 12-month term of imprisonment, followed by one year of supervised release; a fine of \$23,500; and ordered to make restitution to the U.S. Army Morale & Recreation Fund in the amount of \$80,000. (Ms. McCaffrey)

(2) Fraud and Tax Evasion (CECOM). On 25 September 2006, the Army SDO entered into a five-year ACA with ACE and Company, Inc. (ACE) and Stran Technologies (Stran). ACE and its Stran division are in the business of manufacturing fiber optic and electrical connectors, cable assemblies, and termination tools. Stran entered into various contracts to produce fiber optic cable connectors and cable assemblies for the Army and DoD. ACE, acting through employees of Stran, willfully and knowingly devised a scheme to defraud the United States by falsifying and fabricating data related to quality control testing of connectors. Stran fabricated test reports, which resulted in CECOM qualifying Stran as a source of supply for connectors. Moreover, Mr. James Stranberg, as owner and President of ACE, attempted to evade payment of corporate taxes. On 2 August 2006, ACE and Mr. Stranberg entered into separate plea agreements; ACE agreed to plea guilty to the fraud charge, and to make restitution in the amount of \$230,432. Mr. Stranberg agreed to plead guilty to the tax evasion charge, and caused ACE to pay \$196,332 toward the corporate liability, and \$25,000 toward his individual liability. The ACA requires ACE and Stran to: (1) establish a Contractor Responsibility program for their employees; (2) establish a toll-free compliance line; (3) appoint an Ethics Program Director and an ombudsman; and (4) sever, for the duration of the ACA, their business relationships with Mr. Stranberg. (Mr. Persico)

Civil Settlements

(1) General Electric. On 11 July 2006 the Department of Justice entered into a final settlement agreement in a Qui Tam suit regarding allegations that General Electric Corporation manufactured and sold turbine blades, vanes and air foils to the Army, Navy and Air Force that failed to meet contract specifications. The defective parts were found to have been installed in various aircraft in use by the DoD including T700 engines used in UH-60 Blackhawk and

AH-64 Apache helicopters. This case was originally filed in October of 2000 and is based on Relators' allegations that GE management at the Madisonville, KY, plant where these parts were made, deliberately ignored quality controls and shipped parts that failed inspection or were cosmetically altered to hide defects that would have resulted in rejection of the parts by the government. The settlement amount in this matter is \$11,500,000.00 to be divided in the following manner: \$2,537,500.00 (20%) to the Relators, \$750,000.00 (6.5%) to the Navy and \$604,218.00 (5.25%) to the Army, with the remaining \$7,608,282.00 (68.25%) to the Air Force. . The Air Force's share reflects the loss of an F-16 fighter off the coast of Korea that directly was attributed to faulty turbine blades manufactured by GE and this division was based on the relative losses of each of the services that could be attributed to GE's actions in this matter. The Department of Justice has requested information to facilitate repayment of the Army's portion back into the T700 engine procurement account. (Persico)

(2) Bell Helicopter In July 2006, Bell Helicopter Textron Inc. paid approximately \$6.4 million to the Army to resolve a pending cost mischarging issue. In August 2004, Bell Helicopter made a voluntary disclosure of possibly fraudulent conduct to the DoD IG. The general nature of the disclosure was that Bell may have overcharged the Government for subcontractor costs, failed to properly document material costs, and used improper source selection criteria when selecting subcontractors for the OH-58 and TH-67 programs. After coordination with DOJ, DODIG admitted Bell into their Voluntary Disclosure Program. The Voluntary Disclosure is proceeding. Bell has taken corrective action and repaid the Army \$6.4 million. (Zamboni)

Court Decisions

Product Substitution (CECOM). On 24 July 2006, the U.S. District Court for the Middle District of Pennsylvania upheld the debarment of WEDJ/Three C's, Inc. The District Court also upheld the debarments of WEDJ's owner and President, Mr. Neil Tucker, employee Mr. Jeffrey Koser, and WEDJ's sister company, United CoolAir Corp. The Army debarred those parties on 21 October 2005 for wrongly utilizing surplus parts and falsifying First Article Test results when building air conditioners for Army Patriot Missile Shelters and Navy Landing Craft. In November 2005, the debarred parties filed suit in federal court seeking to overturn the

debarments. The plaintiffs argued the Army's debarment decision was unsupported by a preponderance of the evidence, and was arbitrary and capricious. However, the Court rejected those arguments and ruled in favor of the Army. (Mr. Zamboni)

FRAUD COUNSEL CORNER

Lessons Learned By CPT Joseph Bergen Contract Law Attorney, USAREUR

After a year of processing a number of procurement fraud cases, there are a few of lessons learned that I thought I would share:

Lesson number 1: **Coordinate; Coordinate; Coordinate**

Successful procurement fraud actions require much coordination, as it helps further investigations. CID is a great resource, but it is not the only investigative agency. For example, you have AAA, DCIS, and your local police authorities. While CID will generally coordinate with the other agencies that have an interest in the case, as a matter of course, there are times when we need to be proactive in contacting other agencies and linking them up with CID.

You also want to coordinate to ensure that the proposed debarment or suspension does not cause more harm than good. Check with your local Contracting Command office to see how many contracts will be affected if the firm is proposed for debarment. You should also check with other agencies that might be affected by the proposed debarment, such as the Corps of Engineers, the Procurement Fraud Branch (PFB), Contract and Fiscal Law Division, OTJAG, and your local U.S. Army Garrison staffs.

In one of USAREUR's cases, we proposed a firm for debarment only after coordinating with the contracting command and PFB on the possible consequences of the debarment. One day after the proposed debarment, we received a number of frantic phone calls from the Corps of Engineers. The callers

explained that the proposed debarment could have a potentially devastating impact on a number of their programs. Shortly thereafter, a number of other sections received phone calls from other agencies that were going to be affected by the proposed debarment. Though a debarment decision should not rest solely on whether or not the debarment will cause pain to other government agencies, proper coordination would have better prepared this office for the potential pushback. In addition, coordinating with other agencies helps to ensure that the SDO makes a more informed decision, and avoids debarring firms whose loss will have a crippling effect on your command.

In determining the extent of your coordination, you should research the firm in question. What does the firm website list as its major activities? What information does Dun and Bradstreet list for the firm in question? What information can you find on Lexis about the firm? After doing such research, you will be able to determine the level of coordination you need to perform before proposing a debarment.

Lesson number 2: **Go the extra mile for CID.**

CID is your primary resource for investigating procurement fraud cases. It is in your best interest to develop a good working relationship with agents. One important step you can take is to visit field offices or investigation sites. It may take time away from a busy schedule; however, the agents will appreciate that you are making the effort to go to their places of business, rather than expecting them to come to you. In addition, you are more likely to get better cooperation and information from CID when you make the effort and make the personal contacts.

In one of USAREUR's cases, the bulk of the evidence and the CID agent in charge were in Garmisch. Rather than insisting that the agent send all the information to me, which may have annoyed the agent and resulted in the receipt of a large amount of information that I did not necessarily need, I took the agent's advice and went to the investigation site. This turned out to be a good decision. I got to see the breadth of evidence that CID had collected and was able to determine what I needed and what was irrelevant for procurement fraud purposes. I also was able to explain my role in the procurement fraud process and what the CID agent could do to help me.

Lesson number 3: **Consider Sending Show Cause Letters First**

Not every case has sufficient evidence to propose a debarment. While in some cases the facts are clear and a proposed debarment needs to be done, there are circumstances where you should consider sending a "Show Cause" letter first, putting the firm or individual on notice that your agency is considering taking action against them. By providing the firm or individual with an opportunity to explain their side of the story, you may save yourself much time and grief. The firm and individual may have a legitimate explanation as to what happened. On the other hand, the firm and individual may give you information that strengthens your case against them or strengthens your case against a third party. Before taking an action whose harmful effects could last beyond the initial proposal, you should consider sending them a "Show Cause" letter first.

In one of USAREUR's cases, I had sufficient evidence to propose a German firm for debarment. However, it appeared that this firm was a small player in a much larger scheme to defraud the US Government. Furthermore, it appeared that the firm's involvement in the fraud was a one-time occurrence. As such, I prepared and sent a "Show Cause" letter to the firm. Within days, the firm responded. The firm presented a legitimate explanation regarding its involvement, and provided my office with additional evidence that solidified the case against one of the larger players. Based on this information, my office was able to focus its energies on removing one of the larger players, and not expend further resources pursuing a questionable action.

CONTACT INFORMATION

PFB will continue to send the PFA Update electronically to all MACOM PFICs (or equivalent) for their further dissemination to their Command Counsel, Chief Counsel, Staff Judge Advocates, and PFAs. PFICs may contact Mr. Greg Campbell, at DSN 426-1556 or (703) 696-1556, with questions regarding distribution.

As mentioned above, the PFA Updates are also on the JAGCNET at:

<http://www.jagcnet.army.mil/ARMYFRAUD>

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DID YOU KNOW?

KIOWA WARRIOR OH-58D

Most have heard of the Army Black Hawk helicopter, made notorious through the movie *Black Hawk Down* (2001) and the dynamic Army attack helicopter, the Apache, but what about the nimble and “all seeing eye” of the Kiowa Warrior? This lesser known cousin of Army aviation has literally been on the frontlines as an armed reconnaissance and target acquisition and designation vehicle. It has also been the eyes and ears for command and control elements in many campaigns since 1991.

In October 1961, the Army submitted a request for proposals for the Light Observation Helicopter (LOH). Bell Helicopter Textron, Inc. produced 5 prototype aircraft in 1962 to submit to the Army for the Test and Evaluation phase. Bell's submission was not selected.

After the failed military contract bid, Bell attempted to commercially market its model, but it did not fare well until Bell redesigned the body of the airframe to a more sleek and aesthetic design and reintroduced it as model 206A, the [JetRanger](#).

In 1967, when the Army reopened the LOH competition for bids, Bell resubmitted for the program using their model 206A design. In the end, Bell underbid Hughes to win the contract and the model 206A was designated as the OH-58A. Following the U.S.Army's naming convention for helicopters, the OH-58A was named Kiowa in honor of the Native American tribe. It entered Army service in 1991.

The Kiowa Warrior program consists of three parts: a modification effort which upgrades existing OH-58A airframes to the OH-58D Armed Kiowa Warrior configuration; the OH-58D(I) retrofit effort to convert existing unarmed OH-58D Kiowa Warrior aircraft to the armed configuration; and the OH-58D(R) system improvement effort to upgrade and incorporate safety enhancements on production and fielded aircraft. The prime contractor for the airframe production efforts is Bell Helicopter Textron, Inc., located in Fort Worth, Texas.

The three primary Government Furnished Equipment (GFE) subsystems include the Mast Mounted Sight

QUOTE OF THE QUARTER

A LEADER'S PRIORITIES TO REALIZE THE ARMY VISION:

*Accelerate Momentum
Don't "Live Rich"
Reinforce Safety
Measure Performance
Maintain Property Accountability
Communicate the Army Story
Build Support*

(MMS), Control Display System (CDS), and the T703-AD-700 engine. McDonnell Douglas Aerospace-West, located in Huntington Beach, California is the contractor for the MMS. The CDS contractor is Honeywell, Inc., located in Albuquerque, New Mexico. The engine contractor is Allison, located in Indianapolis, Indiana.

MISSION

Kiowa Warrior's mission is to conduct armed reconnaissance, security, target acquisition and designation, command and control, light attack and defensive air combat missions in support of combat and contingency operations.

Around 375 Kiowas are in service and the single engine, double-bladed armed reconnaissance helicopter has been deployed in support of United States armed forces around the world including Haiti, Somalia and the Gulf of Arabia (Desert Storm and Desert Shield). In 2002, Kiowas were deployed as part of NATO's SFOR forces in Bosnia and, in 2003, 120 Kiowas were deployed in support of Operation Iraqi Freedom.

The primary mission of the helicopter is in the scout attack role. The helicopter can be optionally equipped to carry out transport and utility roles using equipment kits installed externally. A cargo carrying hook is rated to carry loads up to 2,000 pounds. Emergency casualty evacuation can be carried out transporting two casualties on litters (stretchers), plus over 320kg of supplies to an operating radius of more than 185km. The Kiowa can be used for insertion of up to six troops for critical point security missions.

Description

The Kiowa Warrior is a single engine, four-bladed helicopter with advanced visionics, navigation, communication, and weapons and cockpit integration systems. The Kiowa was the first U.S. Army helicopter to have an all-glass cockpit.

The mast-mounted sight (MMS) houses a thermal imaging system, low-light television, laser rangefinder/designator, and an optical boresight system. These systems enable the Kiowa Warrior to operate by day and night and allow target acquisition and engagement at stand-off ranges and in adverse weather conditions. The Kiowa Warrior's highly accurate navigation system provides precise target location that can be sent digitally to other aircraft or

artillery via its advanced digital communications system. Battlefield imagery can be transmitted to provide near-real-time situational awareness to command and control elements. The Laser Designator can provide autonomous designation for the Laser HELLFIRE or remote designation for other laser-guided precision weapons.



The AIM-1 MLR (and DLR), a class IIIb infrared (IR) laser, provides a beam of light invisible to the naked eye. Its beam is said to be effective for aiming at ranges up to 3km. It is designed to operate in conjunction with standard night vision devices (its beam's impact point visible). The AIM-1 laser is boresighted to a point 2.8 inches vertically above the .50 Cal machine gun barrel bore center line of sight at a distance of 500 inches. This provides the proper offset for firing at a range of 1000 meters.

The principal difference between the Kiowa Warrior and its immediate OH-58D predecessor is a universal quick-change weapons pylon on both sides of the aircraft capable of accepting combinations of the semi-active laser Hellfire missile, the Air-to-Air Stinger (ATAS) missile, 2.75" Folding Fin Aerial Rocket (FFAR) pods, and a 0.50 caliber machine gun. The armament systems combine to provide anti-armor, anti-personnel, and anti-aircraft capabilities at standoff ranges. It's laser designator/laser

range-finder can provide autonomous designation for laser-guided precision weapons.

The OH-58D is arguably one of the most demanding cockpit workload intensive aircraft in the Army's inventory. The scout/attack mission it performs requires much of its flight profile in extended hovering modes at NOE altitudes, in the presence of terrain flight obstacles such as trees or rocks. The cockpit division of duties typically requires the pilot in the right seat to fly the aircraft, while the left seat pilot operates the Mast Mounted Sight and other aircraft systems. This often requires the left seat pilot to be totally focused heads-down inside the cockpit and thus unable to assist the pilot in detecting drift. In many of these scenarios, both pilots are at times heads-down in the cockpit.

The design of the OH-58D is such that the pilot has no flight control aids to assist in maintaining a stabilized hover with the exception of the heading hold mode. The aircraft is equipped with a hover display page on the Multifunction Display, with velocity vectors and other aids to assist the pilot in detecting drift; however, many pilots fail to use these and other aids to assist them in detecting and avoiding drift.



The Kiowa Warrior is rapidly deployable by air and can be fully operational within minutes of arrival. Two Kiowa aircraft can be transported in a C-130 aircraft.

Specifications

Crew	2 pilots
Height	12 feet 10.6 inches
Length	41 feet 2.4 inches
Maximum gross weight	4,500 pounds (unarmed); 5,500 pounds (armed)
Maximum airspeed	125 KIAS
Endurance	2 hours
Litter capacity	4 (externally)
Troop-carrying capacity	6 (externally).
Mast-mounted sight	<ul style="list-style-type: none">◦ Thermal imaging sensor.◦ Television sensor.◦ Laser range finder/designator.◦ Optical boresight system.
Weapons	<ul style="list-style-type: none">◦ .50-caliber heavy machine gun.◦ 70-millimeter folding fin aerial rocket.◦ Air-to-air Stinger missile.◦ Hellfire modular missile system.

The OH-58D Kiowa Warrior will be replaced in U.S. Army service by the next-generation Armed Reconnaissance Helicopter (ARH). The contract for the ARH, a military version of the Bell 407, was awarded to Bell Helicopter in July 2005. Three hundred sixty-eight helicopters are to be delivered between 2006 and 2013.



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PARTING SHOT



**by NASA
October 2, 2006**

Astronaut U.S. Army Col. Jeffrey N. Williams is assisted by Russian search and recovery personnel after landing in Kazakhstan. Williams, who was in space for six months, was the primary flight engineer and NASA science officer aboard the International Space Station. This photo appeared on www.army.mil.

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