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Description of document: Fourteen (14) Department of Defense (DoD) Inspector General (OIG) Selected Closed Investigation Reports, 2009-2011

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4800 Mark Center Drive
Alexandria, VA 22350-1500
Fax: (571) 372-7498
Email: foiarequests@dodig.mil
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INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

March 25, 2020

Ref: DODOIG-2017-000625

SENT VIA EMAIL

This responds to your Freedom of Information Act (FOIA) request for DCIS investigation reports: 200900077K, 200801068B, 200300004H, 200801982Y, 200801341D, 200801375L, 201000555I, 200900925T, 200600633T, 200800589R, 200701332K, 200700026R, 200901530E, 200902103J, 201100584V. We received your request on May 24, 2017, and assigned it the tracking number referenced above.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. See 5 U.S.C. 552(c) (2006 & Supp. IV 2010). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

The Defense Criminal Investigative Service conducted a search of their records and located all the requested investigation reports with the exception of report number 200600633T. We determined that the redacted portions are exempt from release pursuant to 5 U.S.C. § 552:

- (b)(4), which protects trade secrets and commercial or financial information obtained from a person [that is] privileged or confidential,
- (b)(6), when the disclosure of such information would constitute a clearly unwarranted invasion of personal privacy,
- (b)(7)(C), which protects personal information in law enforcement records, and
- (b)(7)(E), which protects the disclosure of techniques and procedures for law enforcement investigations or prosecutions.

We will send the responsive documents to you via email. Given the nature of the responsive documents, we have password protected the Adobe Acrobat file. A password will be sent to you in an email separate from the responsive documents. If you are unable to retrieve the documents, please contact us, and we can send via a different method.

March 25, 2020
Ref: DODOIG-2017-000625

If you consider this an adverse determination, you may submit an appeal. Your appeal, if any, must be postmarked within 90 days of the date of this letter, clearly identify the determination that you would like to appeal, and reference the FOIA tracking number above. Send your appeal to the Department of Defense, Office of Inspector General, ATTN: FOIA Appellate Authority, Suite 10B24, 4800 Mark Center Drive, Alexandria, VA 22350-1500, or via facsimile to (571) 372-7498. For more information on appellate matters and administrative appeal procedures, please refer to 32 C.F.R. Sec. 286.9(e) and 286.11(a).

You may contact our FOIA Public Liaison at FOIAPublicLiaison@dodig.mil or by calling (703) 604-9785, for any further assistance with your request. Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows: Office of Government Information Services, National Archives and Records Administration, 8601 Adelphi Road-OGIS, College Park, Maryland 20740-6001, e-mail at ogis@nara.gov; telephone at (202) 741-5770; toll free at (877) 684-6448; or facsimile at (202) 741-5769. However, OGIS does not have the authority to mediate requests made under the Privacy Act of 1974 (request to access one's own records).

If you have any questions regarding this matter, please contact Ms. Anna Rivera at (703) 604-9775 or via email to foiarequests@dodig.mil.

Sincerely,

A handwritten signature in blue ink that reads "Barbara Gonzalez".

Barbara Gonzalez
Division Chief
FOIA, Privacy and Civil Liberties Office

Enclosure(s):
As stated



(Investigations)

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
NEW YORK RESIDENT AGENCY
ONE HUNTINGTON QUAD, #2C01
MELVILLE, NY 11747-4427

REPORT OF INVESTIGATION

200300004H-01-OCT-2002-10NY- (b)(7)(E)

March 26, 2010

PECK & HALE, INCORPORATED
West Sayville, NY
CERTIFIED SLINGS, INCORPORATED
Casselberry, FL
TOTAL INDUSTRIAL & PACKAGING COMPANY
McKees Rocks, PA
JACOBI INDUSTRIES
Medford, NY
D&T INTERNATIONAL CORPORATION
Chino, CA
FEENEY WIRE ROPE & RIGGING INCORPORATED
Oakland, CA
NATIONAL STEEL & SHIPBUILDING COMPANY
San Diego, CA
OCEANS WEST MARINE & INDUSTRIAL SUPPLY
San Diego, CA
ATLAS LOGISTICS USA INCORPORATED
Pompano Beach, FL

(b)(6), (b)(7)(C)

C-1

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(b)(6), (b)(7)(C)

Distribution:
DCIS Headquarters 03EC
Northeast Field Office
DCMAW-MPG

TABLE OF CONTENTS

	<u>SECTION</u>
Narrative	A
Identity of Subjects	B

NARRATIVE

1. This investigation was initiated based upon information received from (b)(6), (b)(7)(C) (b)(6), (b)(7)(C), Davis Aircraft (DA), Middleburg, VA, (b)(6), (b)(7)(C) alleged that (b)(6), (b)(7)(C) received a telephone call from (b)(6), (b)(7)(C) for Peck & Hale Incorporated (Peck & Hale), West Sayville, NY, in mid September 2002, requesting that DA and P&H rig their bids on Defense Supply Center Richmond (DSCR), VA, solicitation No. SPO470-02-R-6176 for the supply of tie down adjusters, National Stock Number (NSN) 1670-00-212-1149.

2. The resulting investigation disclosed that during the period of August 2003 through November 2007 several employees of Peck & Hale were involved in an elaborate bid rigging and kickback scheme with Peck & Hale competitors, subcontractors, and vendors as follows.

3. During the period of August 2003 through January 2004, (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) at Peck & Hale, (b)(6), (b)(7)(C) of Total Industrial and Packaging, Incorporated (TIP) and (b)(6), (b)(7)(C) of TIP, entered into a conspiracy with and Certified Slings, Incorporated, Casselberry, FL (CSI) to suppress and eliminate competition by agreeing to submit non-competitive bids to the US Navy on contracts for metal sling hoist assemblies. As part of the conspiracy, (b)(6), (b)(7)(C) conspired to rig the bids on Navy contracts for the purpose of raising the price paid by the Department of Defense (DOD) for the metal sling hoist assemblies. They agreed to either not compete on certain contracts either by not submitting prices or bids on those contracts, by alternating winning bids on those contracts, or by submitting intentionally high prices on bids for those contracts. On January 25, 2007, (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) each (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) in the US District Court for the Eastern District of New York (EDNY). (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) were each (b)(6), (b)(7)(C)

(b)(6), (b)(7)(C)

4. On July 10, 2007, (b)(6), (b)(7)(C) in the US District Court for the EDNY (b)(6), (b)(7)(C) was (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) The investigation disclosed that during the period of December 2002 through January 2004, (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) entered into a conspiracy with others at CSI and with TIP to suppress and eliminate competition by agreeing to submit non-competitive bids to the US Navy on contracts for metal sling hoist assemblies. As part of the conspiracy, (b)(6), (b)(7)(C) CSI and TIP representatives conspired to rig the bids on Navy contracts for the purpose of raising the price paid by the DOD

for the metal sling hoist assemblies. They agreed to either not compete on certain contracts either by not submitting prices or bids on those contracts, by alternating winning bids on those contracts, or by submitting intentionally high prices on bids for those contracts. Also, during the period of November 2001 through January 2005, (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) entered into a conspiracy with (b)(6), (b)(7)(C) of Jacobi Industries Incorporated, Medford, NY to suppress and eliminate competition by agreeing to submit non-competitive bids to the DOD on contracts for military tie down equipment and cargo securing systems. They also agreed to not compete on certain contracts either by not submitting prices or bids on those contracts. In addition, (b)(6), (b)(7)(C) received kickbacks from multiple Peck & Hale subcontractors and vendors. (b)(6), (b)(7)(C) was

(b)(6), (b)(7)(C)

5. On September 20, 2007, (b)(6), (b)(7)(C) in the US District Court for the EDNY, (b)(6), (b)(7)(C) was (b)(6), (b)(7)(C)

(b)(6), (b)(7)(C)

6. On November 29, 2007, attorneys representing CSI entered a guilty plea to a one count criminal information in the US District Court for the EDNY. CSI was charged with one count of violation of the Sherman Anti-Trust Act (15 USC 1). CSI was sentenced a \$150,000 fine and a \$400 special assessment.

7. On March 26, 2008, attorneys representing Peck & Hale entered a guilty plea to a criminal information in the US District Court for the Eastern District of New York. Peck & Hale was charged with two counts of violation of the Sherman Anti-Trust Act (15 USC 1). Peck & Hale was sentenced to a \$275,000 fine and an \$800 special assessment.

8. On April 17, 2008, (b)(6), (b)(7)(C) for Peck & Hale, entered a (b)(6), (b)(7)(C) in the US District Court for the EDNY, (b)(6), (b)(7)(C) was (b)(6), (b)(7)(C)

(b)(6), (b)(7)(C) The investigation disclosed that during the period of January 2002 through December 2004, (b)(6), (b)(7)(C) entered into a conspiracy with others to suppress and eliminate competition by agreeing to submit non-competitive bids to the US Navy on contracts for metal sling hoist assemblies. Additionally, during the period of May 2002 through January 2006, (b)(6), (b)(7)(C) entered into a kickback scheme with (b)(6), (b)(7)(C) of Feeney Wire Rope, Oakland, CA, (b)(6), (b)(7)(C) paid (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) \$140,000.00 to be split evenly between them. In exchange, (b)(6), (b)(7)(C) agreed to select (b)(6), (b)(7)(C) company as the exclusive distributor of Peck & Hale's products on the West Coast of the United States. (b)(6), (b)(7)(C) was (b)(6), (b)(7)(C)

(b)(6), (b)(7)(C)

9. On June 13, 2008, (b)(6), (b)(7)(C) of Atlas Logistics USA Incorporated, Pompano Beach, FL (Atlas Logistics USA) (b)(6), (b)(7)(C) in the US District Court for the EDNY (b)(6), (b)(7)(C) was (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) The investigation disclosed that during the period of May 2001 through January 2005, (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) devised a scheme to commit wire fraud with regard to the procurement of freight forwarding services (b)(6), (b)(7)(C) paid (b)(6), (b)(7)(C) \$28,000 for using Atlas Logistics USA on DOD contracts. (b)(6), (b)(7)(C)

(b)(6), (b)(7)(C)

10. On December 15, 2008, (b)(6), (b)(7)(C) of D&T International, Chino, CA (D&T) entered a (b)(6), (b)(7)(C) in the US District Court for the Eastern District of New York (b)(6), (b)(7)(C) was (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) The investigation disclosed that during the period of 2002 through 2004, (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) devised a scheme to commit wire fraud (b)(6), (b)(7)(C) paid (b)(6), (b)(7)(C) approximately \$10,000 for inside bid information concerning what price or price range to quote for Peck & Hale for subcontracting work. The materials received from D&T were used on DOD contracts. (b)(6), (b)(7)(C)

(b)(6), (b)(7)(C)

11. On May 30, 2008, (b)(6), (b)(7)(C) in the US District Court for the EDNY (b)(6), (b)(7)(C) was (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) Additionally, during the period of December 2002 through January 2005, (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) entered into a conspiracy to solicit and accept kickbacks from unindicted co-conspirators in connection with one or more subcontracts to package, paint, and manufacture or otherwise finish various parts sold to the DOD (b)(6), (b)(7)(C) was sentenced to 366 days incarceration; three years supervised probation, \$20,750.00 restitution and a \$200.00 special assessment.

12. On May 1, 2009, (b)(6), (b)(7)(C) of Doramar Canvas Products, West Sayville, NY (Doramar) entered a (b)(6), (b)(7)(C) in the US District Court for the EDNY. (b)(6), (b)(7)(C) was (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) The investigation disclosed that during the period of March 2004 through November 2007, (b)(6), (b)(7)(C) entered into a conspiracy with (b)(6), (b)(7)(C) to pay kickbacks in exchange for subcontracting work from Peck & Hale. (b)(6), (b)(7)(C)

(b)(6), (b)(7)(C)

13. There were fourteen additional subjects identified during the course of this investigation which were declined for prosecution by the US Attorney's Office.

14. All investigative efforts are completed. All interview reports/Form 1's have been included in the case file, and are therefore not appended as Exhibits. This investigation is now closed. There were no management control deficiencies identified during the course of this investigation.

A-4

200300004H-01-OCT-2002-10NY (b)(7)(E)

IDENTITY OF SUBJECTS

Peck & Hale Incorporated, 180 Division Avenue, West Sayville, NY 11796 (Peck & Hale).

Commodity: Peck & Hale is a manufacture and distributor of marine cargo tie downs.

IDENTITY OF SUBJECTS

Certified Slings, Incorporated, 310 Melody Lane, Casselberry, FL 32707 (CSI).

Commodity: CSI is a manufacture and distributor of marine cargo tie downs.

200300004H-01-OCT-2002-10NY (b)(7)(E)

IDENTITY OF SUBJECTS

Total Industrial & Packaging Company, 1300 Island Avenue, McKees Rocks, PA 15136 (TIP)

Commodity: TIP is a ball and roller bearing manufacturer.

200300004H-01-OCT-2002-10NY (b)(7)(E)

IDENTITY OF SUBJECTS

Jacobi Industries, 131 Middle Island Road, Medford, NY 11763

Commodity: Jacobi is a Transportation Equipment Manufacturer

B-4

200300004H-01-OCT-2002-10NY- (b)(7)(E)

IDENTITY OF SUBJECTS

D & T International Corporation, 3811 Schaefer Avenue, Chino, CA

Commodity: D & T is an import export company.

B-5

200300004H-01-OCT-2002-10NY (b)(7)(E)

IDENTITY OF SUBJECTS

Feeney Wire Rope & Rigging Incorporated, 2603 Union Street, Oakland, CA

Commodity: Feeney Wire Rope & Rigging is an industrial rigging company.

B-6

200300004H-01-OCT-2002-10NY (b)(7)(E)

IDENTITY OF SUBJECTS

National Steel & Shipbuilding Company, 2798 Harbor Drive, San Diego CA

Commodity: National Steel & Shipbuilding Company builds and repairs ocean going vessels.

B-7

200300004H-01-OCT-2002-10NY (b)(7)(E)

IDENTITY OF SUBJECTS

Oceans West Marine & Industrial Supply, 2886 Main Street, San Diego CA

Commodity: Oceans West Marine & Industrial Supply is a supplier of marine equipment and supplies.

200300004H-01-OCT-2002-10NY- (b)(7)(E)

IDENTITY OF SUBJECTS

Atlas Logistics USA Incorporated, 2401 East Atlantic Boulevard, Pompano Beach, FL

Commodity: Atlas Logistics USA Incorporated is an international and domestic freight forwarding company.

B-9

200300004H-01-OCT-2002-10NY (b)(7)(E)

IDENTITY OF SUBJECTS

Name

(b)(6), (b)(7)(C)

Social Security Number

Date/Place of Birth

Unknown

Race

Sex

(b)(6), (b)(7)(C)

Employment Occupation

for Total Industrial and
Packaging, Incorporated (TIP)

B-10

200300004H-01-OCT-2002-10NY- (b)(7)(E)

IDENTITY OF SUBJECTS

Name

(b)(6), (b)(7)(C)

Social Security Number

Date/Place of Birth

Unknown

Race

Sex

(b)(6), (b)(7)(C)

Employment Occupation

for Certified

Slings, Incorporated

B-11

200300004H-01-OCT-2002-10NY (b)(7)(E)

IDENTITY OF SUBJECTS

Name

(b)(6), (b)(7)(C)

Social Security Number

Date/Place of Birth

Unknown

Race

Sex

(b)(6), (b)(7)(C)

Employment Occupation

of Certified Slings, Incorporated.

B-12

200300004H-01-OCT-2002-10NY (b)(7)(E)

IDENTITY OF SUBJECTS

Name

(b)(6), (b)(7)(C)

Social Security Number

Date/Place of Birth

Unknown

Race

(b)(6), (b)(7)(C)

Sex

Employment Occupation

(b)(6), (b)(7)(C) of Feeney Wire Rope & Rigging,

Incorporated

B-13

200300004H-01-OCT-2002-10NY (b)(7)(E)

IDENTITY OF SUBJECTS

Name

(b)(6), (b)(7)(C)

Social Security Number

Date/Place of Birth

Unknown

Race

Sex

(b)(6), (b)(7)(C)

Employment Occupation

for National Steel and Shipbuilding
Company

B-14

200300004H-01-OCT-2002-10NY- (b)(7)(E)

IDENTITY OF SUBJECTS

Name

(b)(6), (b)(7)(C)

Social Security Number

Date/Place of Birth

Unknown

Race

Sex

(b)(6), (b)(7)(C)

Employment Occupation

for National Steel and
Shipbuilding Company

B-15

200300004H-01-OCT-2002-10NY (b)(7)(E)

IDENTITY OF SUBJECTS

Name

(b)(6), (b)(7)(C)

Social Security Number

Date/Place of Birth

Unknown

Race

Sex

(b)(6), (b)(7)(C)

Employment Occupation

Incorporated for Atlas Logistics USA,

B-16

200300004H-01-OCT-2002-10NY (b)(7)(E)

IDENTITY OF SUBJECTS

Name

(b)(6), (b)(7)(C)

Social Security Number

Date/Place of Birth

Unknown

Race

Sex

(b)(6), (b)(7)(C)

Employment Occupation

(b)(6), (b)(7)(C) of Total Industrial and
Packaging, Incorporated (TIP)

B-17

IDENTITY OF SUBJECTS

Name

(b)(6), (b)(7)(C)

Social Security Number

Date/Place of Birth

Unknown

Race

Sex

(b)(6), (b)(7)(C)

Employment Occupation

of TIP

IDENTITY OF SUBJECTS

Name

Social Security Number

Date/Place of Birth

Race

Sex

Employment Occupation

(b)(6), (b)(7)(C)

Unknown

(b)(6), (b)(7)(C)

of Peck & Hale

IDENTITY OF SUBJECTS

Name

(b)(6), (b)(7)(C)

Social Security Number

Date/Place of Birth

Unknown

Race

Sex

(b)(6), (b)(7)(C)

Employment Occupation

of Jacobi Industries, 131 Middle Island
Road, Medford, NY 11763

IDENTITY OF SUBJECTS

Name

Social Security Number

Date/Place of Birth

Race

Sex

Employment Occupation

(b)(6), (b)(7)(C)

Unknown

(b)(6), (b)(7)(C) for Atlas Logistics USA Incorporated,
2401 East Atlantic Blvd, Pompano Beach, FL

IDENTITY OF SUBJECTS

Name	(b)(6), (b)(7)(C)	
Social Security Number		
Date/Place of Birth		Unknown
Race		
Sex		
Employment Occupation		for Peck & Hale

IDENTITY OF SUBJECTS

Name

Social Security Number

Date/Place of Birth

Race

Sex

Employment Occupation

(b)(6), (b)(7)(C)

(b)(6), (b)(7)(C) of D&T International Corporation, 3811
Schaefer Avenue, Chino, CA

IDENTITY OF SUBJECTS

Name

Social Security Number

Date/Place of Birth

Race

Sex

Employment Occupation

(b)(6), (b)(7)(C)

Unknown

(b)(6), (b)(7)(C)

for Peck & Hale

IDENTITY OF SUBJECTS

Name	(b)(6), (b)(7)(C)
Social Security Number	Unknown
Date/Place of Birth	(b)(6), (b)(7)(C) Unknown
Race	(b)(6), (b)(7)(C)
Sex	
Employment Occupation	(b)(6), (b)(7)(C) of Doramar Canvas Products, West Sayville, NY

Prepared by SA (b)(6), (b)(7)(C) NYRA

APPR: (b)(6), (b)(7)(C)



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
INDIANAPOLIS RESIDENT AGENCY
6666 E. 75TH STREET, STE 501
INDIANAPOLIS, IN 46250-2860

(Investigations)

200700026R-05-OCT-2006-40IN (b)(7)(E)

January 6, 2011

(b)(6), (b)(7)(C) SSN: (b)(6), (b)(7)(C)

DPOB: (b)(6), (b)(7)(C)

(b)(6), (b)(7)(C)

CAPITAL MANAGEMENT GROUP, LLC

891 Cedarwood
Carmel, IN 46032

DIGITAL CONSULTING SERVICES

2393 Teller Road, Suite 104
Newbury Park, CA 91320-6091

SPECIAL INTEREST CASE

OAIG-AUD CASE NO. 06-IG-05

CASE TERMINATION: This case was initiated based on information received from a DoD-IG Audit Report (Case No. 06-IG-05) identifying a suspicious pattern of acquisitions by (b)(6), (b)(7)(C). The suspicious acquisitions related to the Army Game Project, a video/computer game developed to assist the Army in its recruitment goals, and were made through the Department of Interior (DOI)/National Business Center Open Market Corridor, Automated Acquisition System (Open Market Corridor). The Open Market Corridor was a web based procurement system that allows any federal government employee with a contracting warrant to use the system in the acquisition process, similar to the "DoD E-Mail" used for office supply purchases.

The suspicious pattern of acquisitions made by (b)(6), (b)(7)(C) identified by DoD-IG Audit involved the award of government services to primarily two vendors, Capital Management Group (Capital) and Digital Consulting Services (Digital). Of the 253 purchasing actions by (b)(6), (b)(7)(C) totaling over \$18,500,000, 230 purchases totaling over \$16 Million went to Capital and Digital (approximately 90%) (b)(6), (b)(7)(C) awarded more than 65% of the purchases, totaling more than \$14 million, to Capital. According to the DoD-IG Audit referral, when solicitations were sent to Capital and Digital, these were the sole companies solicited; when Capital bid on a solicitation, Digital declined to bid, and vice-versa, suggestive of bid-rigging among (b)(6), (b)(7)(C) Digital and Capital. Review of the Central Contractor Register (CCR) database did not indicate that Digital deals in real estate, furniture, computers or software-related matters.

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The subsequent investigation, jointly conducted with the U.S. Army Criminal Investigations Command (USACIDC), revealed that Capital is a legal/consulting business run out of the home of (b)(6), (b)(7)(C) an (b)(6), (b)(7)(C) and long-time friend of (b)(6), (b)(7)(C)

In May 2007, the Reporting Agent (RA) interviewed (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) explained that, before (b)(6), (b)(7)(C) from the (b)(6), (b)(7)(C) introduced (b)(6), (b)(7)(C) to (b)(6), (b)(7)(C) who was in charge of the Army Game Project. (b)(6), (b)(7)(C) had known (b)(6), (b)(7)(C) for 15-20 years; their (b)(6), (b)(7)(C) were friends, they had attended each other's (b)(6), (b)(7)(C) weddings and (b)(6), (b)(7)(C) had stayed with the (b)(6), (b)(7)(C) at their house in (b)(6), (b)(7)(C). They had also done some business together in the past (b)(6), (b)(7)(C). (b)(6), (b)(7)(C) had put up approximately (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) put up a similar amount for an investment through (b)(6), (b)(7)(C) company – Capital Management – in a joint venture with a business in Massachusetts. (b)(6), (b)(7)(C) informed the RA that (b)(6), (b)(7)(C) had helped arrange for (b)(6), (b)(7)(C) to work for (b)(6), (b)(7)(C) on the Army Game Project.

On May 9, 2007, the RA interviewed (b)(6), (b)(7)(C) who admitted that, at least in some cases, (b)(6), (b)(7)(C) received information from (b)(6), (b)(7)(C) and/or another Army Game Project employee concerning (b)(6), (b)(7)(C) competitor's bids or pricing structure. (b)(6), (b)(7)(C) also received advance notice from (b)(6), (b)(7)(C) concerning when a solicitation would be placed on the Open Market Corridor system and telling (b)(6), (b)(7)(C) which company (b)(6), (b)(7)(C) should use as a subcontractor, and how much (b)(6), (b)(7)(C) should charge the government.

On May 14, 2007, the RA interviewed (b)(6), (b)(7)(C) who informed the RA that (b)(6), (b)(7)(C) was a Contracting Officer's Representative for the Army Game Project and admitted that the majority of awards (b)(6), (b)(7)(C) made for the Army Game Project were non-competitive. (b)(6), (b)(7)(C) however, claimed that the Open Market Corridor system through which the awards were made is an Indefinite Delivery/Indefinite Quantity (ID/IQ) contract that is exempt from normal competitive rules. Coordination with the Naval Criminal Investigative Service (NCIS) concerning their investigation of (b)(6), (b)(7)(C) the Naval Postgraduate School professor who created the Open Market Corridor system, revealed that (b)(6), (b)(7)(C) raised the same defense, which ultimately resulted in NCIS dropping the criminal investigation.

(b)(6), (b)(7)(C) explained that (b)(6), (b)(7)(C) had never been a government contractor (b)(6), (b)(7)(C) prior to affiliation with the Army Game, nor did (b)(6), (b)(7)(C) have expertise in marketing, software development or the other specialized fields which the Army Game Project sought in its contracts for goods and services. Therefore, Capital didn't directly provide the goods and services specified in the contracts it was awarded; the Army Game Project (b)(6), (b)(7)(C) or the Contracting Officer – would tell (b)(6), (b)(7)(C) which subcontractors they wanted (b)(6), (b)(7)(C) to use and give (b)(6), (b)(7)(C) an estimate of what they wanted to pay the subcontractor, and (b)(6), (b)(7)(C) would solicit bids from the subcontractor. (b)(6), (b)(7)(C) would then add (b)(6), (b)(7)(C) fee for acting as a general contractor.

Review of contract documentation provided by the West Point office of the Army Game Project revealed that for nearly all of the largest contracts awarded to Capital by (b)(6), (b)(7)(C) no other company was solicited to make a bid on the contract, and therefore there was no competition for these awards.

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The case having previously been declined for prosecution by the United States Attorney's Office for the Southern District of Indiana, in January 2009, the RA coordinated with US Department of Justice Antitrust Division Trial Counsel (b)(6), (b)(7)(C) to determine if there was sufficient evidence for an antitrust case to be brought against (b)(6), (b)(7)(C). Because the Open Market Corridor awards were made under what amounted to an ID/IQ contract, it appeared that no prosecution would likely be successful based on that conduct. It was agreed that the matter would be reviewed again after documentation of pre-Open Market Corridor GSA awards was received from GSA. In June 2009, GSA provided an analysis of awards made to Capital through GSA (pre-Open Market Corridor); the documentation, which was very incomplete, provided little evidence to support a charge of bid rigging. After discussion with (b)(6), (b)(7)(C) it was determined that there was insufficient documentary evidence to support criminal charges for the awards made under the GSA schedule.

On October 16, 2009, the RA and SA (b)(6), (b)(7)(C) (SA (b)(6), (b)(7)(C)) USACIDC met with (b)(6), (b)(7)(C) regarding possible action against (b)(6), (b)(7)(C) under the Uniform Code of Military Justice or via administrative disciplinary action. The RA and SA (b)(6), (b)(7)(C) presented a summary of the investigation and agreed to provide copies of their Reports of Investigation, which (b)(6), (b)(7)(C) agreed to forward to the Office of Professional Responsibility within the office of the Judge Advocate of the Army. The investigation was placed in Suspense status as of January 8, 2010, pending action by (b)(6), (b)(7)(C) chain of command.

On January 5, 2011, the RA received notice via email from (b)(6), (b)(7)(C) that (b)(6), (b)(7)(C) created an appearance of impropriety" and that (b)(6), (b)(7)(C) had issued a (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) (see Attachment 1).

In that no further judicial or administrative action is contemplated and there is no loss to the US Government not yet addressed, this investigation is closed. There were no management control deficiencies identified during the course of the investigation apart from those previously identified in the DoD-IG Audit Report. A Fraud Vulnerability Report is not warranted in the matter.

A Report of Investigation, dated January 8, 2010, was previously submitted in this investigation.

Attachment:

(b)(6), (b)(7)(C)

Prepared by: SA (b)(6), (b)(7)(C) Indianapolis RA
DISTR: USACIDC, Indianapolis (b)(6), (b)(7)(C)

APPR: (b)(6), (b)(7)(C)

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DEPARTMENT OF DEFENSE
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
JACKSONVILLE POST OF DUTY
C/O TAMPA RESIDENT AGENCY
400 NORTH TAMPA STREET, SUITE 1130
TAMPA, FLORIDA 33602-4707**

(Investigations)

REPORT OF INVESTIGATION

200701332K-25-JUN-2007-20JX (b)(6), (b)(7)(C)

February 7, 2011

(b)(6), (b)(7)(C)

Ft. Stewart, GA

BMAR AND ASSOCIATES, LLC, Hopkinsville, KY

DISTRIBUTION:

Southeast Field Office
Tampa Resident Agency
U.S. Army Criminal Investigation Division (SA (b)(6), (b)(7)(C))

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February 7, 2011

NARRATIVE:

1. This investigation was initiated on June 25, 2007, based upon information received from the U.S. Army Criminal Investigation Command (USACIDC), Major Procurement Fraud Unit (MPFU), Atlanta, GA, concerning a possible bid rigging scheme at the Winn Army Hospital, Fort (Ft.) Stewart, GA.

2. Documents obtained and reviewed during this investigation determined that (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) Winn Army Hospital, Ft. Stewart, GA, recommended services be procured for the revitalization of the exterior of Winn Army Hospital to include caulking and painting (b)(6), (b)(7)(C) made this recommendation to U.S. Army procurement officials, who in turn instructed (b)(6), (b)(7)(C) to obtain three competitive bids for the work. This revitalization work was to be added as a task order to an ongoing maintenance contract already in place between the U.S. Army and a company identified as BMAR and Associates, LLC (BMAR), Hopkinsville, KY.

3. On October 8, 2004, a task order was awarded to a company identified as Quality Masonry, Owensboro, KY, in the amount of (b)(4) under U.S. Army contract number DACA-87-00-D-004. The two other bids received in connection with this task order were from Environmental Tech Services (ETS), Surrency, GA, in the amount of (b)(4) and from General Technical Services (GTS), Huntsville, AL, in the amount of (b)(4). This task order was administered by the U.S. Army Corps of Engineers, Huntsville, AL, and (b)(6), (b)(7)(C) was the Government Contracting Officer Representative for this work. The task order was completed on April 19, 2005.

4. The contractors that bid on the task order were contacted about their bidding process. It was learned that Quality Masonry, who was awarded the task order, did not bid on the contract and did not perform any work at the Winn Army Hospital. GTS was contacted and it was learned they submitted a bid in the amount of (b)(4) for the work; not (b)(4) as reflected in the contract file. ETS was contacted and they verified their bid on the task order in the amount of (b)(4). Further investigation determined the work performed on the exterior of Winn Army Hospital was performed by Von Ryan, Atlanta, GA, at a cost of (b)(4). Von Ryan was a subcontractor to BMAR.

5. In March 2010, the USACIDC attempted to interview (b)(6), (b)(7)(C) advised the USACIDC (b)(6), (b)(7)(C) was represented by counsel and did not consent to an interview.

7. On July 14, 2010, Assistant U.S. Attorney (AUSA) (b)(6), (b)(7)(C) Southern District of Georgia, Brunswick, GA, was contacted about this investigation. AUSA (b)(6), (b)(7)(C) was informed the U.S. Army was attempting to take administrative action against BMAR for misleading documents they submitted to the U.S. Army for work performed on the Winn Army Hospital. AUSA (b)(6), (b)(7)(C) declined prosecution of this matter in lieu of administrative remedies.

February 7, 2011

8. On September 23, 2010, the U.S. Army and BMAR agreed to an administrative settlement in the amount of \$36,000, as a result of misleading documents provided by BMAR to the U.S. Army in connection with work performed at the Winn Army Hospital by Von Ryan; a subcontractor of BMARs. No suspension or debarment action will be taken by the U.S. Army against BMAR.

9. As a result of the administrative settlement agreement between the U.S. Army and BMAR, this investigation is complete and is closed with the submission of this report. No other civil, criminal or administrative action will occur. No fraud vulnerabilities were identified during the course of this investigation.

February 7, 2011

IDENTITY OF SUBJECTS

BMAR and Associates, LLC
3999 Fort Campbell Road
PO Box 688
Hopkinsville, KY 42241

Commodity: BAMR and Associates, LLC, perform construction work for the U.S. Government to include the Department of Defense.

B-1

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February 7, 2011

IDENTITY OF SUBJECTS

IDENTIFYING DATA

Name	:	(b)(6), (b)(7)(C)
Alias	:	None known
Social Security Number	:	
Date of Birth	:	
Race	:	
Sex	:	(b)(6), (b)(7)(C)
Residence	:	
Employment/Occupation	:	U.S. Army, Winn Army Hospital Ft. Stewart, GA
Position	:	
Home Tel.	:	(b)(6), (b)(7)(C)
Education	:	

Prepared by SA (b)(6), (b)(7)(C) Jacksonville PoD

APPR: (b)(6), (b)(7)(C)

B-2

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December 9, 2010



(Investigations)

**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
PHILADELPHIA RESIDENT AGENCY
10 INDUSTRIAL HWY, BLDG Y, SUITE 401
LESTER, PA 19113-2078**

REPORT OF INVESTIGATION

200800589R-24-JAN-2008-10PA (b)(7)(E)

December 9, 2010

(b)(4)

(b)(6), (b)(7)(C)

DISTRIBUTION:

Northeast Field Office

DCIS-HQ (OO3-INV)

Department of Justice, Anti-Trust Division, Philadelphia

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CLASSIFICATION:

December 9, 2010

NARRATIVE

1. This case was initiated on January 24, 2008, subsequent to a request for investigative assistance from the U.S. Department of Justice (DOJ), Anti-Trust Division, Philadelphia, PA. The Anti-Trust Division was pursuing a criminal prosecution of (b)(4) (b)(4) and (b)(4) (b)(4) related to allegations of Bid Rigging in violation of 15 USC 1, Kickbacks, 41 USC 51, Wire Fraud, 18 USC 1341, Mail Fraud, 18 USC 1343, and Conspiracy, 18 USC 371.
2. Relevant information was also contained within Information Report, CCN: 200800427G, dated December 19, 2007. The subject companies provide computer and Information Technology products and services to the Department of Defense and other Government entities. It is noted that the Anti-Trust Division and (b)(4) entered into an agreement for amnesty under the Corporate Leniency Policy program regarding the payment to (b)(4) and possible payments to others regarding bid-rigging.
3. Information received disclosed (b)(4) and its Terada Division colluded with (b)(4) in a no-bid scheme regarding two solicitations issued by the Defense Commissary Agency (DECA), Fort Lee, VA, for computer hardware, software and related system support services. Records obtained from (b)(4) and (b)(4) indicate (b)(4) paid (b)(4) \$200,000 to "no-bid" on an August 2003 solicitation to upgrade DECA's Enterprise Data Warehouse (EDW) software and hardware. (b)(4) amongst other contractors, submitted a no-bid response and (b)(4) the sole bidder, who was awarded contract DCA200-03-F-5378 on September 15, 2003, in the amount of \$1,055,638.
4. A second solicitation issued by DECA, for system support in meeting the operational and IT initiatives of the EDW project, was also issued to (b)(4) amongst other bidders. (b)(4) was not on the original bidder list, but requested the solicitation along with a list of all potential bidders. (b)(4) submitted a bid and listed (b)(4) as a team member for the project. (b)(4) responded with a no-bid on the project. (b)(4) was awarded contract number BPA DCA2003-A-5003 on September 18, 2003, in the amount of \$10 million.
5. Regarding the relationship between (b)(4) and (b)(4) this investigation disclosed (b)(4) and (b)(4) are parties to a Master Reseller Agreement (MRA), dated April 13, 2001, wherein (b)(4) acts as a value-added reseller of (b)(4) Teradata product. Under this agreement, (b)(4) receives a 40 percent discount off (b)(4) price for the Teradata product, a greater discount than that given most other of its resellers.
6. During the course of this investigation information contained within e-mail and other correspondence documentation received from (b)(4) and (b)(4) provided apparent indication that the former DeCA (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) had close relationships with both (b)(4) and (b)(4) and may have facilitated directing awards to these companies by intentionally structuring the solicitations to favor them. (b)(6), (b)(7)(C) was interviewed on January 23, 2008, and denied these allegations, stating, (b)(7)(C) never improperly influenced contract awards nor

December 9, 2010

profited personally in any manner (b)(6), (b)(7)(C) acknowledged familiarity with (b)(4) Teradata from (b)(6), (b)(7)(C) for employment at Wright Patterson Air Force Base, and that (b)(4) was impressed with their performance, but added (b)(4) Teradata was already in place upon (b)(4) arrival at DeCA. (b)(6), (b)(7)(C) stated all of the expenditures in which (b)(4) was involved required other staff at DeCA to review and concur or approve (b)(6), (b)(7)(C) also stated (b)(4) was not a Contracting Officer and did not have authority for actual budget decisions. Further document review and witness interviews disclosed no information to substantiate allegations regarding (b)(6), (b)(7)(C)

7. Numerous witness interviews were conducted of (b)(4) employees involved in the conduct of the master seller agreement with (b)(4) and who may have been involved with the decision by (b)(4) to issue the subject \$200,000 payment to (b)(4). The resulting information obtained from the witness interviews disclosed no individual at (b)(4) taking responsibility for authorizing the payment to (b)(4) nor a specific stated purpose or cause for the payment. Some witnesses opined the payment to (b)(4) was to facilitate and encourage future partnering with (b)(4) because (b)(4) was in a position to get Teradata technology into a greater number of (b)(4) retail accounts. The witnesses also put forth the opinion that the payment also served to offset (b)(4) losses on the professional services contract, as (b)(4) subcontracted this contract to (b)(4) at a higher rate than (b)(4) was being paid by the Government, and was therefore losing money on the government contract.

8. The Anti-Trust Division opined the lack of full and clear acknowledgement of their actions on the part of (b)(4) employees, even under the Corporate Amnesty agreement, along with the established business relationship between the two entities, would make successful prosecution of this matter unlikely.

9. On November 10, 2009, the Anti-Trust Division issued a declination of prosecution in this matter. Given the existing amnesty agreement and absence of any identified individuals responsible, no further action is anticipated in this matter. Review to date was unable to establish any quantifiable loss or harm to the Department of Defense. This investigation is closed. There were no fraud vulnerabilities identified during the course of this investigation.

December 9, 2010

IDENTITY OF SUBJECTS

(b)(4)

(b)(4) Teradata Division, (b)(4) is an information technology and software provider.

B-1

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IDENTITY OF SUBJECTS:

(b)(4)

(b)(4)

is an information technology and software provider.

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December 9, 2010

IDENTITY OF SUBJECTS:

Name	:	(b)(6), (b)(7)(C)
DOB	:	
POB	:	UNK
SSN	:	
Employment	:	(b)(6), (b)(7)(C)
		Defense Commissary Agency

Prepared by SA (b)(6), (b)(7)(C) Philadelphia Resident Agency

APPR: (b)(6), (b)(7)(C)

December 9, 2010

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LONG BEACH RESIDENT AGENCY
501 W. OCEAN BLVD, SUITE 7300
LONG BEACH, CA 90802

(Investigations)

REPORT OF INVESTIGATION

200801068B-03-APR-2008-50ES- (b)(7)(E)

09-APRIL-2010

(b)(4)

This investigation was initiated based upon information received from the U.S. Army, Criminal Investigation Command (Army CID), Major Procurement Fraud Unit, Federal Way, WA. Army CID forwarded information concerning possible violations of U.S. law involving a contract to operate the Korea Battle Simulation Center (KBSC) in Seoul, Republic of Korea (ROK). The U.S. Army Contracting Command – Korea (USACCK), in consultation with the U.S. Forces Korea (USFK), Staff Judge Advocate, requested investigative support from Army CID. Army CID requested that DCIS assist them in this investigation.

USACCK advised that source selection information may have been improperly released to both U.S. Government and contractor personnel. Specifically, allegations were that (b)(4) (b)(4) was aware that it was the only company to submit an offer for operating the KBSC. Additionally, specific source selection information that should not have been released was provided to U.S. Government personnel who were not part of the technical evaluation board. Allegations were that collusion to eliminate competition may have occurred between (b)(4) and a Korean sub-contractor that was performing on the KBSC contract. During the course of the contract evaluation period, a threatening note was left on the privately owned vehicle of a U.S. Army Contracting Officer.

The investigation did not establish if an intentional release of procurement sensitive information occurred pertaining to the solicitation for the KBSC contract. The investigation also did not uncover information that (b)(4) colluded with any other companies to eliminate competition. Therefore, no criminality was identified. Further investigation did not establish who attempted to obstruct the contract award by authoring and placing the harassing note on the privately owned vehicle of the U.S. Army Contracting Officer. During the investigation, numerous personnel were interviewed. DNA, handwriting exemplars, and known latent impressions were collected from various suspects of the investigation and sent to USACIL for comparison to the collected forensic evidence. The forensic examinations were not able to identify any subject. The U.S. Army Audit Agency (USAAA) performed an extensive audit (Audit Report: A-2009-0124-FFP Contract to Operate the KBSC, dated 9 June 2009). The audit identified weaknesses at both the KBSC and USACCK which could have resulted in a disclosure of source selection information. Corrective action recommendations were provided to the Commander, USFK.

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This investigation is now closed. The Long Beach Resident Agency will devote no further resources to this matter. Special Agent (b)(6), (b)(7)(C) Army CID, prepared the final Report of Investigation (ROI) for Army CID. A printed copy of the joint agency ROI has been received and is retained in the official case file.

Attachment:

- 1) U.S. Army CID Final Report of Investigation (ROI), dated March 5, 2010.

Prepared By SA (b)(6), (b)(7)(C) Long Beach Resident Agency APPR: (b)(6), (b)(7)(C)
DISTR: U.S. Army CID-SA (b)(6), (b)(7)(C) SFO



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DEFENSE CRIMINAL INVESTIGATIVE SERVICE
PHILADELPHIA RESIDENT AGENCY
10 INDUSTRIAL HWY, BLDG Y, SUITE 401
LESTER, PA 19113-2078

(Investigations)

REPORT OF INVESTIGATION

200801341D-16-MAY-2008-10PA-(b)(7)(E)

June 30, 2010

CH-47 PRODUCTION VANDALISM
Boeing Rotorcraft Systems Division

(b)(6), (b)(7)(C)

DISTRIBUTION

DCMA Boeing-Philadelphia
Northeast Field Office

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NARRATIVE

1. On May 13, 2008 the undersigned agent and agents of the DCIS Philadelphia Resident Agency responded to the Boeing, Ridley Park, PA production facility based upon contact by the Defense Contract Management Agency-Boeing Philadelphia (DCMA-Boeing). DCMA advised that on or about May 12, 2008, two CH-47 Chinook helicopters were found to have been vandalized during final production in Building 3-61 of the Boeing Ridley Park, PA facility. As a result, nine aircraft in production were impounded and the production line was shut down. Preliminary investigation determined that the damage was intentional and sufficient information existed to warrant the initiation of the instant investigation. On May 13 and 14, 2008, DCIS agents conducted an examination of the CH-47 production line and the two affected aircraft located in building 3-61 with the consent of Boeing.
2. Initial examination by DCIS agents confirmed that CH-47F, production number M8718 was found to have a cut wiring harness located in the underfloor area of the aircraft companion way which is located between the cockpit and the cabin. Upon arrival by the DCIS on May 13, the cuts to the affected wiring harness (subsequently identified as parts number 724E6639-103 and 724E6690-102) had been reviewed and manipulated by quality personnel after being photographed by both DCMA and Boeing security. Subsequent examination determined that approximately 70 individual wires contained within the harness had been cut. Initial witness information indicated that the subject wiring was damaged between 0600 Hours and 1830 Hours on Monday, May 12, 2008. Subsequent review of validated testing data confirmed the last passing electrical function test of the affective systems had been conducted May 9, 2008 at 1731 hours. After the aircraft and surrounding areas were processed by the DCIS, the damaged area of the wiring harness was removed in the presence of DCIS and retained as evidence.
3. On May 12, 2010 at approximately 0700 Hours a metal washer was found by Boeing employees in the fluid reservoir of combining transmission S/N A8-376. The combining transmission transfers power from the engines to the front and rear rotors of the CH-47 and is flight critical. This unit had been previously inspected and sealed and was awaiting installation into CH-47 production number M8014. The washer recovered from the fluid reservoir was subsequently recovered by the DCIS and retained as evidence. According to information provided by Boeing, combiner unit S/N A8-376 had been examined at approximately 1330 Hours on Friday, May 9, 2008 at which point the washer was not present. The washer was discovered during a pre-installation examination that occurred on Monday, May 12, 2008. Initial review determined that the washer was not an aircraft component and appeared consistent with material recovered by the DCIS from a facility maintenance cart located approximately 75 feet from the final assembly production line.
4. Initial investigative effort by DCIS utilizing production and testing records established a probable timeline of events creating a likely window during which the vandalism occurred. A listing of Boeing and Government personnel scheduled to perform work on the affected aircraft or aircraft located in immediate proximity during the established window was compiled. This listing exceeded one hundred persons. Boeing security was tasked with providing photographs and personnel records for all such employees. Boeing was also tasked with "flagging" employees with a past history of disciplinary action.

5. Owing to the physical configuration of the affected aircraft, specifically the use of non-conductive coatings, combined with a contamination of the scene prior to DCIS arrival, and legitimate access by a host of Boeing employees; viable fingerprint evidence was non-existent. Owing to indications that a cutting tool had been utilized in the vandalism to the wire harness on A/C M8718, serialized cutting tools assigned to specific individuals with access to the aircraft during the period in question were processed as evidence. This resulted in the seizure of several hundred cutting devices of identical manufacture and model. The undersigned agent consulted a leading crime lab expert in tool marks who indicated the volume and similarity of the suspect tools rendered forensic examination useless.

6. Initial DCIS review of the crime scene established that there were virtually no control points in existence restricting access to Building 3-61, a production facility encompassing several acres of covered assembly space. As such any person possessing a Boeing identification card potentially had access to the crime scene. (Several thousand access badges had been issued). There was additionally no security or surveillance equipment in or around Building 3-61 and doors and garage bays were unlocked or opened at most times. Subsequent effort determined that in addition to Boeing and Government employees assigned to the facility, access to Building 3-61 had been gained by representatives of foreign entities during tours sponsored by Boeing and by union officials conducting election campaigns in the period prior to the vandalism. Additional effort determined that Boeing employees are not required to be US citizens, and undergo no background clearance or security review. Felony convictions do not exclude individuals from Boeing employment.

7. As the CH-47 production is primarily under contract to the United States Army, USA-CIC MPFU Media, PA joined the investigation on May 14, 2010.

8. On May 14, 2010, employee interviews by DCIS and USA-CIC Agents were initiated based upon available employee listings. A telephone "tipline" was established, publicized through the local media and throughout the Boeing facility, and manned 24/7 by DCIS agents. A \$10,000 reward fund was approved by DCIS HQ and also publicized through media reports. Agents sought and received approval for additional resources by SAC, Northeast Field Office with approximately twenty additional DCIS and USA-CIC agents reporting for duty on May 15, 2010.

9. Mass witness interviews were conducted at the Boeing facility and elsewhere through May 19, 2010.

10. On May 19, 2010, at approximately 1200 hours, the undersigned agent was contacted by Boeing security who advised that a Boeing employee had transferred from Building 3-43 to another Boeing location prior to the discovery of the vandalism. The employee, (b)(6), (b)(7)(C) was last scheduled for work in the area of the vandalism on May 9, 2008 but was approved for overtime hours on May 10, 2008.

11. On May 19, 2008 the undersigned agent conducted an interview of (b)(6), (b)(7)(C) resulting in a confession to having cut the wire harness on A/C M8718. (See Form 1). During the interview the technique was employed of separating the acts of vandalism as two distinct actions; one that could have caused physical harm or death and one that was an act of vandalism against property. (b)(6), (b)(7)(C) initially denied any involvement and specifically denied having accessed

the interior of A/C 8718. (b)(6), (b)(7)(C) was subsequently informed that (b)(6), (b)(7)(C) fingerprints had been recovered from A/C 8718 (Although no prints were actually recovered, (b)(6), (b)(7)(C) had stated earlier in the interview that (b)(6), (b)(7)(C) had applied to the (b)(6), (b)(7)(C) making it likely that exemplar fingerprints were on file). The inconsistency in (b)(6), (b)(7)(C) explanation led to (b)(6), (b)(7)(C) confession that (b)(6), (b)(7)(C) committed the act of vandalism but not the second act that could lead to bodily harm. It is noted that investigative effort established (b)(6), (b)(7)(C) had the motive, means and opportunity to have committed the second act involving the placement of objects in the A/C transmission for A/C M8014 and had worked on this specific aircraft during the period in question. It is also noted that prior to the (b)(6), (b)(7)(C) interview, laboratory examination of the affected transmission had discovered that a second object, a commercial bolt, had also been introduced into the transmission. This fact was intentionally concealed from Boeing employees and not reported through the media. During the interview of (b)(6), (b)(7)(C) the undersigned agent repeatedly referenced the "bolt and washer" found in the transmission. At no time did (b)(6), (b)(7)(C) demonstrate any surprise at the reference to a second item found in the transmission or question this assertion. (b)(6), (b)(7)(C) signed a handwritten confession to having cut the wires on A/C 8718 at 1527 Hours.

12. Subsequent to the confession, (b)(6), (b)(7)(C) was advised again that (b)(6), (b)(7)(C) was not in custody and was asked to return to the Boeing facility to recover the cutting device (b)(6), (b)(7)(C) had utilized. During this time an emergency request for polygraph examination was made to the FBI Philadelphia. (b)(6), (b)(7)(C) subsequently consented to polygraph examination. It was noted that the polygraph exam could not be conducted under optimum conditions as (b)(6), (b)(7)(C) had been awake for a significant period and had undergone a stressful situation prior to the exam. Owing to operational and legal considerations, after consultation with the assigned AUSA, the undersigned agent directed that the polygraph exam go forward. (b)(6), (b)(7)(C) maintained that (b)(6), (b)(7)(C) had no involvement with the placement of foreign objects in the transmission for A/C 8014.

13. While the polygraph examination was being administered the undersigned agent prepared an affidavit in support of arrest warrant and presented the affidavit to the duty Magistrate, United States District Court, Eastern District of Pennsylvania. A Warrant for the Arrest of (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) was issued citing violation of Title 18 USC 1361, Malicious Mischief, Government Property. (b)(6), (b)(7)(C) was subsequently placed under arrest, processed and transported to the Federal Correctional Institute Philadelphia and released to the custody of the Bureau of Prisons.

14. On May 20, 2008 (b)(6), (b)(7)(C) reported before the Honorable Henry S. Perkin in United States District Court, Eastern District of Pennsylvania for (b)(6), (b)(7)(C) initial appearance. (b)(6), (b)(7)(C) stipulated to probable cause and both parties agreed (b)(6), (b)(7)(C) supervised release under bond under the condition that (b)(6), (b)(7)(C) reside with (b)(6), (b)(7)(C) parents and report to pre-trial services for mental health screening.

15. Subsequent to the arrest of (b)(6), (b)(7)(C) interviews and other investigative efforts continued. Approximately seventy-five witness interviews were conducted and documented in the investigative case files of both DCIS and USA-CIC. No additional actionable information identifying any additional subjects was found.

16. On July 31, 2008 a one-count Criminal Information was filed in the Eastern District of Pennsylvania (b)(6), (b)(7)(C) with (b)(6), (b)(7)(C)

17. On September 11, 2008 (b)(6), (b)(7)(C) entered a (b)(6), (b)(7)(C) to the above charges before the Honorable R. Barklay Surrick, United States District Court, Eastern District of Pennsylvania.

18. On January 9, 2009 (b)(6), (b)(7)(C) was (b)(6), (b)(7)(C)

(b)(6), (b)(7)(C)

19. In the period since (b)(6), (b)(7)(C) there has been no additional actionable information received by the DCIS or the USA-CIC. As no further investigative action is warranted, this investigation is closed. During the course of the investigation, the undersigned agent met with DCMA Boeing Command and representatives of Boeing to review the perceived lack of adequate security controls. Action by both DCMA and Boeing corporate representatives to date has resulted in significant security improvements to include the installation of cameras throughout the CH-47 production area, changes to security personnel and tightened access control to sensitive areas. As such, no additional management control deficiencies requiring remediation are reported. The USA-CIC MPFU investigative case file has been closed as of the same date of this report.

SUBJECT:

NAME	:	(b)(6), (b)(7)(C)
DOB	:	Redacted for ROI Distribution
SSN	:	Redacted for ROI Distribution
ADDRESS	:	Redacted for ROI Distribution



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
SAN FRANCISCO RESIDENT AGENCY
1301 CLAY ST, STE 480N
OAKLAND, CA 94612-5217

(Investigations)

REPORT OF INVESTIGATION

200801375L-21-MAY-2008-50SF (b)(7)(E)

September 1, 2010

(b)(4)

DISTRIBUTION

Western Field Office
CID-Sacramento, CA

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September 1, 2010

NARRATIVE

1. This investigation was initiated on May 21, 2008, based on information provided by (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) Surface Deployment and Distribution Command (SDDC), Scott Air Force Base, IL, that (b)(4)

(b)(4) and possibly other ocean carriers allegedly met to jointly prepare responses to a Department of Defense contract solicitation, possibly in violation of Federal antitrust laws.

(b)(4) and other carriers provide shipping and transportation services to SDDC under a Universal Service Contract (USC). At the time this information was reported by (b)(6), (b)(7)(C) the current contract was due to be re-awarded. These contracts and carriers support U.S. military operations in southwest Asia.

2. During interviews conducted on June 19, 2008, and again on August 21, 2008, (b)(6), (b)(7)(C) reported that the USCs were for military ocean transportation under the Federal Acquisition Regulations. The USC at that time was commonly referred to as USC 05. (b)(6), (b)(7)(C) stated that (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) a SDDC Contracting Officer for USC 05, were holding a conversation with (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) of Government Shipping for (b)(4) regarding dates that they could meet. (b)(6), (b)(7)(C) told (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) that (b)(4) was not available to meet with them on April 9 or 10, 2008, as (b)(4) was hosting a meeting of the ocean carriers to put together their proposals for the USC 06 solicitation. (b)(6), (b)(7)(C) stated that this contract solicitation was in the source selection phase at the time and (b)(6), (b)(7)(C) believed this meeting may be in violation of Federal antitrust laws. It is unknown if the alleged meeting ever occurred or who the actual attendees might have been.

3. (b)(6), (b)(7)(C) also said that USC 05 was awarded in approximately March 2006. The USC contracts are not awarded directly to the carriers. The USC contracts contain all the terms and conditions that apply to all contracts awarded to multiple carriers under the USC contracts. Shortly after the award of this contract (b)(6), (b)(7)(C) a member of the Senior Executive Service for the U.S. Transportation Command (USTRANSCOM), and the ocean shipping liaison with the Pentagon representing SDDC, had a conversation with a senior employee of APL (b)(6), (b)(7)(C) strongly believed the employee was (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) Government Trade and Affairs, APL. During this conversation (b)(6), (b)(7)(C) allegedly told (b)(6), (b)(7)(C) that (b)(4) was not living up to the agreement between the two companies; therefore, (b)(4) might begin shipping to Iraq again. (b)(6), (b)(7)(C) believed that statement was made relating to the two companies (b)(4) & (b)(4) dividing up container shipments between Iraq and Afghanistan. (b)(6), (b)(7)(C) learned of this conversation between (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) from (b)(6), (b)(7)(C), formerly an attorney for SDDC. (b)(6), (b)(7)(C) did not know if (b)(6), (b)(7)(C) heard about this conversation directly from (b)(6), (b)(7)(C) or (b)(6), (b)(7)(C) learned of the conversation from (b)(6), (b)(7)(C) SDDC. (b)(6), (b)(7)(C) mentioned (b)(6), (b)(7)(C) conversation with (b)(6), (b)(7)(C) to others at SDDC in the context that it could benefit SDDC if APL began shipping containers again to Iraq. (b)(6), (b)(7)(C) believed this conversation between (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) may have taken place in the fall of 2006.

September 1, 2010

4. Between December 9 and 10, 2008, the reporting agent, U.S. Army Criminal Investigation Command (CID), Sacramento, CA, Special Agent (b)(6), (b)(7)(C) and two attorneys from the Department of Justice Antitrust Division traveled to Scott Air Force Base to interview (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) and others at SDDC and USTRANSCOM with knowledge of the solicitation and contract. Interviews of (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) determined that they did not recall any conversation as described by (b)(6), (b)(7)(C). Review of records provided by SDDC and USTRANSCOM determined that the division of container shipments to Iraq and Afghanistan did not occur as described as (b)(6), (b)(7)(C).

5. On October 29, 2009, the U.S. Department of Justice Antitrust Division San Francisco, CA, declined this investigation for criminal prosecution. The matter was declined because the investigation was unable to prove that any meeting occurred or develop sufficient evidence of anticompetitive activity. In addition, on May 11, 2010, the U.S. Army Procurement Fraud Division declined to take suspension or debarment action in this matter. There were no fraud vulnerabilities identified during this investigation. This investigation is closed.

September 1, 2010

IDENTITY OF SUBJECTS

(b)(4)

Commodity: Ocean shipping and transportation services.

B-1

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September 1, 2010

IDENTITY OF SUBJECTS

(b)(4)

Commodity: Ocean shipping and transportation services.

Prepared by SA (b)(6), (b)(7)(C) San Francisco RA
B-2

APPR: (b)(6), (b)(7)(C)

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DEPARTMENT OF DEFENSE
OFFICE OF INSPECTOR GENERAL
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
ARLINGTON RESIDENT AGENCY
201 12th STREET SOUTH, SUITE 712
ARLINGTON, VIRGINIA 22202-5408

(Investigations)

REPORT OF INVESTIGATION

200801982Y-19-AUG-2008-60DC- (b)(7)(E)

May 13, 2010

TRELLEBORG, AB
TRELLEBORG ENGINEERED SYSTEMS
TRELLEBORG ENGINEERED PRODUCTS, INCORPORATED

(b)(6), (b)(7)(C)

TRELLEBORG INDUSTRIE, S.A.S.
VIRGINIA HARBOR SERVICES, INCORPORATED
SEAWARD INTERNATIONAL, INCORPORATED
SEAWARD HOLDINGS, INCORPORATED

(b)(6), (b)(7)(C)

(b)(4)

FENTEK MARINE SYSTEMS, GESELLSCHAFT MIT BESCHRANKTER HAFTUNG

(b)(6), (b)(7)(C)

NEXTWAVE MARINE, LIMITED LIABILITY COMPANY
MARINE FENDERS INTERNATIONAL, INCORPORATED

(b)(6), (b)(7)(C)

WATERMAN SUPPLY COMPANY, INCORPORATED

(b)(6), (b)(7)(C)

PLASTIC PILINGS, INCORPORATED

(b)(6), (b)(7)(C)

MARITIME INTERNATIONAL, INCORPORATED

(b)(6), (b)(7)(C)

PROMAR

YOKOHAMA RUBBER COMPANY, LIMITED

FENDERCARE NAVAL SOLUTIONS LIMITED

JAMES FISHER AND SONS PUBLIC LIABILITY COMPANY

BRIDGESTONE CORPORATION

DUNLOP OIL AND MARINE LIMITED

CONTINENTAL AKTIENGESELLSCHAFT

PHOENIX AKTIENGESELLSCHAFT

(b)(6), (b)(7)(C)

DISTRIBUTION:

DCIS Headquarters, Economic Crimes Program (03EC)

DCIS Long Beach Resident Agency (Attn: (b)(6), (b)(7)(C))

DCIS Houston Resident Agency (Attn: (b)(6), (b)(7)(C))

DCIS New Orleans Resident Agency (Attn: (b)(6), (b)(7)(C))

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NARRATIVE:

1. This investigation was initiated as a parallel civil investigation to DCIS Criminal Case Numbers: 200501274F and 200501479M at the request of Assistant United States Attorney (b)(6), (b)(7)(C) United States Attorney's Office, Central District of California, Los Angeles, CA. The DCIS Arlington Resident Agency (RA) and Long Beach RA initiated criminal investigations based on a *qui tam*, Civil Case Number: ED-CV-05-381, that alleged several U.S. contractors conspired to bid rig and price fix contracts involving certain marine fenders, buoys, and plastic pilings.

2. As background, the criminal investigations found several companies secretly colluded on prices and bids for three marine products: foam-fenders, plastic pilings, and marine hoses. First, (b)(4) and its competitor, Seaward International, Incorporated (SII) (later purchased by Trelleborg Aktiebolag--doing business as Trelleborg AB), were the two principal manufactures in the U.S. of certain marine fenders and buoys. (b)(4) and SII conspired to bid rig and price fix the fender and buoy market. As a result, (b)(4) and SII charged government programs/agencies inflated prices. Later, the scheme grew to include the following additional participants: Seaward Holdings, Incorporated (SHI); Nextwave Marine, Limited Liability Company (Nextwave); Trelleborg Engineered Products, Incorporated (TEPI); Waterman Supply Company, Incorporated (WSC); Maritime International, Incorporated; Yokohama Rubber Company, Limited (Yokohama); and FenderCare Naval Solutions, Limited. Second, SII/SHI and Plastic Pilings, Incorporated (PPI), conspired to bid rig and price fix plastic pilings and related products. Third, Trelleborg, Yokohama, and other participating companies and individuals conspired to bid rig and price fix marine hoses.

The criminal investigations resulted in the conviction and sentencing of (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) TEPI; (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) TEPI; (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) TEPI; and (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) Marine Fenders International, Incorporated (MFI). In addition, Trelleborg Corporation, SHI, and TEPI were suspended.

In a third but related criminal investigation of Yokohama under DCIS Case Number: 200700338G, two executives of Trelleborg Industrie, Societe Par Actions Simplifiee (doing business as Trelleborg Industrie, S.A.S.), agreed to plead guilty to participating in a conspiracy to rig bids, fix prices, and allocate markets for U.S. sales of marine hose used to transport oil. As a result, eight executives of various international companies were arrested for their role in the conspiracy.

3. SA (b)(6), (b)(7)(C) prepared and issued Department of Defense Inspector General subpoenas to Trelleborg AB (including all subsidiaries); SHI, Yokohama, PPI, MFI, and WSC.

4. On March 4, 2009, SA (b)(6), (b)(7)(C) and AUSA (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7)(C) who informed the collusive bidding between SHI and (b)(4) began in early 2000 and continued with TEPI and (b)(4) (and later between TEPI and MFI) until August 2005. (b)(6), (b)(7)(C) believed SHI received a 5% to 6% increase in profits because of the collusion.

A-1

(b)(6), (b)(7)(C) informed (b)(6), (b)(7)(C) plan was to consolidate the fenders industry (b)(6), (b)(7)(C) made clear (b)(6), (b)(7)(C) knew SHI was colluding on bids and prices with (b)(4) (b)(6), (b)(7)(C) also knew of the agreement to allocate the market with (b)(4) through the creation of Nextwave, as (b)(6), (b)(7)(C) approved of the relationship.

(b)(6), (b)(7)(C) further informed (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) Fentek Marine Systems Gesellschaft Mit Beschränkter Haftung (doing business as Fentek Marine Systems GmbH), was aware of the SHI/ (b)(4) relationship prior to Trelleborg's acquisition of SHI in 2002. Furthermore, (b)(6), (b)(7)(C) wanted the relationship with (b)(4) to continue.

5. On July 15, 2009, Trelleborg AB; Virginia Harbor Services, Incorporated; Trelleborg Engineered Systems Group AB; Fentek; Trelleborg Industrie, S.A.S.; and as a beneficiary of the settlement (b)(6), (b)(7)(C) agreed to pay the U.S. government \$14,000,000 to resolve civil allegations of bid rigging, price fixing, and market allocation in the marine fender, buoy, and plastic piling markets. Also on July 15, 2009, Bridgestone Corporation and Bridgestone Industrial Products America, Incorporated, agreed to pay the U.S. government \$178,108; Yokohama, agreed to pay the U.S. government \$173,410; and Dunlop Oil and Marine, Limited, along with Continental Aktiengesellschaft (AG) and Phoenix AG agreed to jointly pay the U.S. \$97,210, to resolve the civil allegations. Later, On September 2, 2009, (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) award Holdings, Incorporated, agreed to pay the U.S. \$1,000,000 for (b)(6), (b)(7)(C) in conspiring with the above mentioned companies to bid rig, price fix, and allocate the marine hose market.

6. On July 22, 2009, The United States informed the court of the companies it chose to intervene and those companies it declined to intervene. The government chose to intervene against the following defendants: Trelleborg AB; Trelleborg Engineered Systems Group AB; Virginia harbor Services, Incorporated; Fentek; Trelleborg Industrie SAS; SHI; Yokohama; Bridgestone Corporation; Bridgestone Industrial Products America, Incorporated; and Dunlop Oil and Marine, Limited. The government declined to intervene against the remaining defendants.

6. On February 19, 2010, United States District Judge George Wu, Central District of California, partially unsealed the case. However, the United States Attorney's Office, Central District of California, learned of the unsealing on February 25, 2010.

7. No further judicial action will occur. No administrative action will occur. No management control deficiencies were identified during this investigation. This investigation is closed as "finished."

A-2

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IDENTITY OF SUBJECTS

TRELLEBORG, AB

Johan Koksgatan 10, SE-231 22

P.O. Box 153

Trelleborg, Sweden

Commodity: Trelleborg is a global engineering group who specializes in polymer technology. Trelleborg develops solutions that seal, damp, and protect industrial environments.

B-1

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IDENTITY OF SUBJECTS

TRELLEBORG ENGINEERED SYSTEMS

Henry Dunkers Gata 1, SE-231 81

Trelleborg, Sweden

Commodity: Trelleborg Engineered Systems produces precision components and systems in polymer materials, such as hoses, elastomer laminates and polymer-coated fabrics.

B-2

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~~LAW ENFORCEMENT SENSITIVE~~

IDENTITY OF SUBJECTS

TRELLEBORG ENGINEERED PRODUCTS, INCORPORATED

3470 Martinsburg Pike

P.O. Box 98

Clearbrook, VA 22624

Commodity: Trelleborg Engineered Products, Incorporated, was a manufacturer of buoys, fenders and plastic pilings.

B-3

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IDENTITY OF SUBJECTS

IDENTIFYING DATA

Name	:	(b)(6), (b)(7)(C)
Alias	:	None
Social Security Number	:	(b)(6), (b)(7)(C)
Date/Place of Birth	:	Unknown
Race	:	Caucasian
Sex	:	(b)(6), (b)(7)(C)
Height	:	Unknown
Weight	:	Unknown
Hair	:	Unknown
Eyes	:	Unknown
Residence	:	(b)(6), (b)(7)(C)
Employment/Occupation	:	(b)(6), (b)(7)(C) Frelleborg Engineered products, Incorporated
Telephone Number	:	(b)(6), (b)(7)(C)
Driver's License Number and Issuing State	:	Unknown
Education	:	Unknown

B-4

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IDENTITY OF SUBJECTS

IDENTIFYING DATA

Name	:	(b)(6), (b)(7)(C)
Alias	:	None
Social Security Number	:	(b)(6), (b)(7)(C)
Date/Place of Birth	:	Unknown
Race	:	Unknown
Sex	:	(b)(6), (b)(7)(C)
Height	:	Unknown
Weight	:	Unknown
Hair	:	Unknown
Eyes	:	Unknown
Residence	:	(b)(6), (b)(7)(C)
Employment/Occupation	:	(b)(6), (b)(7)(C) Frelleborg Engineered Products, Incorporated
Telephone Number	:	Unknown
Driver's License Number and Issuing State	:	Unknown
Education	:	Unknown

IDENTITY OF SUBJECTS

TRELLEBORG INDUSTRIE, S.A.S.

ZI La Combaude, Rue de Chantermerle
FR-6305 Clermont-Ferrand Cedex 2
Clermont-Ferrand, France

Commodity: Trelleborg Industrie, S.A.S, was a manufacturer of industrial hose products.

B-6

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IDENTITY OF SUBJECTS

VIRGINIA HARBOR SERVICES, INCORPORATED

3470 Martinsburg Pike

P.O. Box 98

Clearbrook, VA 22624

Commodity: Virginia Harbor Services, Incorporated, was a manufacturer of marine buoys, fenders, and plastic pilings.

B-7

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IDENTITY OF SUBJECTS

SEAWARD INTERNATIONAL, INCORPORATED

3470 Martinsburg Pike

P.O. Box 98

Clearbrook, VA 22624

Commodity: Seaward International, Incorporated, was a manufacturer of marine buoys, fenders, and plastic pilings.

B-8

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IDENTITY OF SUBJECTS

SEAWARD HOLDINGS, INCORPORATED

3470 Martinsburg Pike

P.O. Box 98

Clearbrook, VA 22624

Commodity: Seaward Holdings, Incorporated, was a manufacturer of marine buoys, fenders, and plastic pilings.

B-9

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IDENTITY OF SUBJECTS

IDENTIFYING DATA

Name	:	(b)(6), (b)(7)(C)	
Alias	:	None	
Social Security Number	:	(b)(6), (b)(7)(C)	Unknown
Date/Place of Birth	:		
Race	:	Unknown	
Sex	:	(b)(6), (b)(7)(C)	
Height	:	Unknown	
Weight	:	Unknown	
Hair	:	Unknown	
Eyes	:	Unknown	
Residence	:	(b)(6), (b)(7)(C)	
Employment/Occupation	:	(b)(6), (b)(7)(C)	Seaward Holdings, Incorporated
Telephone Number	:	Unknown	
Driver's License Number and Issuing State	:	Unknown	
Education	:	Unknown	

B-10

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IDENTITY OF SUBJECTS

(b)(4)

Commodity: (b)(4) provides a wide range of urethane and polyureas products for the marine industry.

B-11

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IDENTITY OF SUBJECTS

FEN TEK MARINE SYSTEMS, GESELLSCHAFT MIT BESCHRANKTER HAFTUNG

Langenstuecken 36A
Hamburg, Germany

Commodity: Fentek Marine Systems, GMBH, was a manufacturer of marine fenders.

B-12

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IDENTITY OF SUBJECTS

IDENTIFYING DATA

Name	:	(b)(6), (b)(7)(C)
Alias	:	None
Social Security Number	:	Unknown
Date/Place of Birth	:	Unknown; Unknown
Race	:	(b)(6), (b)(7)(C)
Sex	:	Unknown
Height	:	Unknown
Weight	:	Unknown
Hair	:	Unknown
Eyes	:	Unknown
Residence	:	Unknown
Employment/Occupation	:	(b)(6), (b)(7)(C) Pentek Marine Systems GMBH
Telephone Number	:	Unknown
Driver's License Number and Issuing State	:	Unknown
Education	:	Unknown

B-13

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IDENTITY OF SUBJECTS

NEXTWAVE MARINE, LIMITED LIABILITY COMPANY

521 North Sam Houston Parkway
Houston, TX 77001

Commodity: Nextwave Marine, Limited Liability Company was a front company for Seaward Holdings, Incorporated, and Urethane Products, Incorporated.

B-14

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IDENTITY OF SUBJECTS

MARINE FENDERS INTERNATIONAL, INCORPORATED

909 Mahar Avenue
Wilmington, CA 90744

Commodity: Marine Fenders International, Incorporated, is a manufacturer of marine fenders and buoys.

B-15

IDENTITY OF SUBJECTS

IDENTIFYING DATA

Name	:	(b)(6), (b)(7)(C)	
Alias	:	None	
Social Security Number	:	(b)(6), (b)(7)(C)	
Date/Place of Birth	:		Unknown
Race	:	Unknown	
Sex	:	(b)(6), (b)(7)(C)	
Height	:	Unknown	
Weight	:	Unknown	
Hair	:	Unknown	
Eyes	:	Unknown	
Residence	:	(b)(6), (b)(7)(C)	
Employment/Occupation	:	(b)(6), (b)(7)(C)	Marine Fenders International, Incorporated
Telephone Number	:	Unknown	
Driver's License Number and Issuing State	:	Unknown	
Education	:	Unknown	

B-16

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IDENTITY OF SUBJECTS

IDENTIFYING DATA

Name	:	(b)(6), (b)(7)(C)	
Alias	:	None	
Social Security Number	:	(b)(6), (b)(7)(C)	
Date/Place of Birth	:		Unknown
Race	:	Unknown	
Sex	:	(b)(6), (b)(7)(C)	
Height	:	Unknown	
Weight	:	Unknown	
Hair	:	Unknown	
Eyes	:	Unknown	
Residence	:	Unknown	
Employment/Occupation	:	(b)(6), (b)(7)(C)	(b)(4)
Telephone Number	:	Unknown	
Driver's License Number and Issuing State	:	Unknown	
Education	:	Unknown	

B-17

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IDENTITY OF SUBJECTS

WATERMAN SUPPLY COMPANY, INCORPORATED

910 Mahar Avenue

Wilmington, CA 90744

Commodity: Waterman Supply Company, Incorporated, is a distributor of marine industrial products.

B-18

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IDENTITY OF SUBJECTS

IDENTIFYING DATA

Name	:	(b)(6), (b)(7)(C)
Alias	:	None
Social Security Number	:	(b)(6), (b)(7)(C)
Date/Place of Birth	:	Unknown
Race	:	Unknown
Sex	:	(b)(6), (b)(7)(C)
Height	:	Unknown
Weight	:	Unknown
Hair	:	Unknown
Eyes	:	Unknown
Residence	:	(b)(6), (b)(7)(C)
Employment/Occupation	:	(b)(6), (b)(7)(C)/aterman Supply Company, Incorporated
Telephone Number	:	(b)(6), (b)(7)(C)
Driver's License Number and Issuing State	:	Unknown
Education	:	Unknown

B-19

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IDENTITY OF SUBJECTS

PLASTIC PILINGS, INCORPORATED

1485 South Willow
Rialto, CA 92367

Commodity: Plastic Pilings, Incorporated, is a manufacturer of marine plastic pilings.

B-20

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~~LAW ENFORCEMENT SENSITIVE~~

IDENTITY OF SUBJECTS

IDENTIFYING DATA

Name	:	(b)(6), (b)(7)(C)
Alias	:	None
Social Security Number	:	(b)(6), (b)(7)(C)
Date/Place of Birth	:	Unknown
Race	:	Unknown
Sex	:	(b)(6), (b)(7)(C)
Height	:	Unknown
Weight	:	Unknown
Hair	:	Unknown
Eyes	:	Unknown
Residence	:	(b)(6), (b)(7)(C)
Employment/Occupation	:	(b)(6), (b)(7)(C) Plastic Pilings, Incorporated
Telephone Number	:	(b)(6), (b)(7)(C)
Driver's License Number and Issuing State	:	Unknown
Education	:	Unknown

IDENTITY OF SUBJECTS

MARITIME INTERNATIONAL, INCORPORATED

204 Ida Road
Broussard, LA 70518

Commodity: Maritime International, Incorporated, was a manufacturer of marine fenders and buoys.

B-22

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~~LAW ENFORCEMENT SENSITIVE~~

IDENTITY OF SUBJECTS

IDENTIFYING DATA

Name	:	(b)(6), (b)(7)(C)	
Alias	:	None	
Social Security Number	:	(b)(6), (b)(7)(C)	Unknown
Date/Place of Birth	:		
Race	:	Unknown	
Sex	:	(b)(6), (b)(7)(C)	
Height	:	Unknown	
Weight	:	Unknown	
Hair	:	Unknown	
Eyes	:	Unknown	
Residence	:	(b)(6), (b)(7)(C)	
Employment/Occupation	:	(b)(6), (b)(7)(C) Maritime International, Incorporated	
Telephone Number	:	Unknown	
Driver's License Number and Issuing State	:	Unknown	
Education	:	Unknown	

IDENTITY OF SUBJECTS

PROMAR

18984 Castleguard Court
Leesburg, VA 20176

Commodity: Promar was a manufacturer of marine fenders, buoys, and plastic pilings.

B-24

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IDENTITY OF SUBJECTS

YOKOHAMA RUBBER COMPANY, LIMITED

36-11, Shimbashi 5-chome Minato-Ku

Tokyo 105-8685, Japan

Commodity: Yokohama Rubber Company, Limited, was a manufacturer of marine hoses.

B-25

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IDENTITY OF SUBJECTS

FENDERCARE NAVAL SOLUTIONS LIMITED

Buildings S 146, HM Naval Base
Plymouth PL2 1BG, United Kingdom

Commodity: Fendercare Naval Solutions limited was a manufacturer of marine fenders and buoys.

B-26

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IDENTITY OF SUBJECTS

JAMES FISHER AND SONS PUBLIC LIABILITY COMPANY

Fisher House, P.O. Box 4

Barrow-in-Furness

Cumbria LA14 1HR, United Kingdom

Commodity: James Fisher And Sons Public Liability Company was a manufacturer of marine fenders and buoys.

B-27

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IDENTITY OF SUBJECTS

BRIDGESTONE CORPORATION

10-1 Kyobashi 1-Chome, Chuo-ku,
Tokyo, 104-8340, Japan

Commodity: Bridgestone was a manufacturer of marine hose.

B-28

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IDENTITY OF SUBJECTS

DUNLOP OIL AND MARINE CORPORATION

Moody Lane, Pyewipe,
Grimsby, DN31 2SY, England

Commodity: Dunlop Oil and Marine Corporation was a manufacturer of marine hose.

IDENTITY OF SUBJECTS

CONTINENTAL AKTIENGESELLSCHAFT

Vahrenwalder Strabe 9

D-30165 Hanover

Commodity: Continental Aktiengesellschaft was a manufacturer of marine hose.

B-30

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IDENTITY OF SUBJECTS

PHOENIX AKTIENGESELLSCHAFT

Hannoversche Strasse 88

D-21079 Hamburg, Germany

Commodity: Phoenix Aktiengesellschaft was a manufacturer of marine hose.

B-31

IDENTITY OF SUBJECTS

IDENTIFYING DATA

Name	:	(b)(6), (b)(7)(C)
Alias	:	None
Social Security Number	:	Unknown
Date/Place of Birth	:	Unknown; Unknown
Race	:	Unknown
Sex	:	(b)(6), (b)(7)(C)
Height	:	Unknown
Weight	:	Unknown
Hair	:	Unknown
Eyes	:	Unknown
Residence	:	Unknown
Employment/Occupation	:	(b)(6), (b)(7)(C) Trelleborg
Telephone Number	:	Unknown
Driver's License Number and Issuing State	:	Unknown
Education	:	Unknown

Prepared by Special Agent (b)(6), (b)(7)(C) Arlington Resident Agency APPR: (b)(6), (b)(7)(C)

B-32

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(Investigations)

DEPARTMENT OF DEFENSE
INSPECTOR GENERAL
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
BAGRAM POST OF DUTY
BAGRAM AIR FIELD, AFGHANISTAN
APO AE 09354

REPORT OF INVESTIGATION
SPECIAL INTEREST CASE

200900077K-08-OCT-2008-60AF (b)(7)(E)

August 24, 2009

(b)(6), (b)(7)(C)

NCL HOLDINGS/DBA NCL LOGISTICS

DISTR:
USACIDC/ICCTF (SA (b)(6), (b)(7)(C))
Mid-Atlantic Field Office

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SYNOPSIS:

On September 29, 2008, the International Contract Corruption Task Force (ICCTF), Bagram Air Field, Afghanistan, received an allegation that protected procurement information had been released during contract negotiations at Camp Morehead, Afghanistan.

Initial information provided by Combined Security Transition Command-Afghanistan (CSTC-A) Inspector General representative (b)(6), (b)(7)(C) alleged that

(b)(6), (b)(7)(C) (b)(6), (b)(7)(C) S-4 Logistics, Task Force (TF) Morehead, improperly released sensitive source selection information regarding Request For Proposal W91B4M-08-R-0020, Security Guard Services for Camp Morehead (CMH), Afghanistan. According to an email provided by (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) released source selection information to (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) indicating NCL was not going to win the CMH contract. (b)(6), (b)(7)(C) then responded in an email to (b)(6), (b)(7)(C) indicating (b)(6), (b)(7)(C) preference to award the security contract to NCL.

Interviews later conducted of former NCL employee, (b)(6), (b)(7)(C) revealed that (b)(6), (b)(7)(C) received sensitive source selection information during a meeting at CMH on August 17, 2008 from select U.S. military personnel. Statements provided by (b)(6), (b)(7)(C) reveal that among the attendees at this meeting were (b)(6), (b)(7)(C) CMH (b)(6), (b)(7)(C) (b)(6), (b)(7)(C), and (b)(6), (b)(7)(C). According to (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) told (b)(6), (b)(7)(C) that NCL was (b)(4) over on its bid.

(b)(6), (b)(7)(C) allegedly passed this information on to NCL (b)(6), (b)(7)(C) (b)(6), (b)(7)(C). As part of NCL's Best and Final Offer (BAFO), NCL submitted a revised proposal that was (b)(4) lower than its original bid. On September 5, 2008, NCL was determined to be the lowest bidder and was subsequently awarded the CMH Security Guard Services.

STATUTES:

The following violations of United States Code apply to this investigation:

41 USC 423	(Procurement Integrity Act)
18 USC 371	(Conspiracy)
18 USC 1001	(False Statements)

NARRATIVE:

1. Initial information was provided by CSTC-A Inspector General representative (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) reported an allegation of impropriety regarding RFP W91B4M-08-R-0020 that was announced on June 12, 2008, by the KRCC, Camp Eggers, Afghanistan, for Security Guard Services at Camp Morehead, Afghanistan. Proposals were to be submitted by July 26, 2008. Eight proposals were submitted and 6 were considered responsive and technically acceptable. Of those 6, one was from NCL Holdings, DBA NCL Logistics (NCL), 6867 Elm Street, Suite 100, McLean, VA 22101, priced at (b)(4) and one was from EOD Technology, Inc. (EODT), Kabul, Afghanistan, priced at (b)(4).
2. (b)(6), (b)(7)(C) provided copies of e-mail exchanges that established a time line of communications regarding the subject contract. Following a Source Selection Evaluation Team (SSET) meeting, EODT was selected to receive award of the security guard contract. (b)(6), (b)(7)(C) was detailed as the contract manager for the new security guard contract and was also on the SSET. On August 8, 2008, (b)(6), (b)(7)(C) sent an email of proposed rankings to (b)(6), (b)(7)(C). Thirty minutes later (b)(6), (b)(7)(C) forwarded this email to (b)(6), (b)(7)(C) with the notation "are requested..." possibly meaning "as requested". According to the Source Selection Briefing Certificate signed by (b)(6), (b)(7)(C) the recipient of source selection information may only release this information with prior written approval from an authorized individual. A review of the contract file determined that (b)(6), (b)(7)(C) did not have authority to request or receive the proposal information, nor did (b)(6), (b)(7)(C) have the authority to release the information.
3. According to the emails, within an hour (b)(6), (b)(7)(C) sent an email to (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) not concur with (b)(6), (b)(7)(C) assessment and decision to award the contract to EODT. (b)(6), (b)(7)(C) stated that (b)(6), (b)(7)(C) wanted (b)(6), (b)(7)(C) to reevaluate (b)(6), (b)(7)(C) decision by taking into account that hiring a new contractor would have a training and operational impact. (b)(6), (b)(7)(C) stated, "If for some reason, my justification isn't good enough and a new contract will be awarded anyway, I will be obligated to address my concerns and strong nonoccurrence at this time for a new contractor with the Senior Leadership of CSTC-A and a formal letter to the Senior Contracting Officer in Theater or D.C." (b)(6), (b)(7)(C) copied (b)(6), (b)(7)(C) subordinate officer, (b)(6), (b)(7)(C) S-4 Logistics, TF Morehead, on this email. (b)(6), (b)(7)(C) in a reply email on August 9, 2008, informed (b)(6), (b)(7)(C) that EODT was an experienced contractor, the lowest bidder and that (b)(6), (b)(7)(C) was going forward with awarding the contract to EODT.
4. Subsequent to the contract decision by (b)(6), (b)(7)(C) and based on the concerns of (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) the bidders were provided the following additional information in which to prepare an amended proposal: (b)(4)
(b)(4)
contract. Bidders were also asked to respond to discussions sent out by the KRCC to all potential bidders. The bidders were offered the opportunity to submit a BAFO.
5. A former Contracting Manager, (b)(6), (b)(7)(C) advised (b)(6), (b)(7)(C) was told by a witness, that has requested anonymity, that (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) informed (b)(6), (b)(7)(C)

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representative of NCL, that NCL needed to lower their bid by (b)(4) or they would not receive the contract.

6. As part of their BAFO, NCL submitted a revised proposal with a (b)(4) lower than original price of (b)(4) and EODT resubmitted with a higher than original price of (b)(4). At that point, NCL was determined to be the lowest bidder.

7. On September 5, 2008, contract W91B4M-08-C-0025 was awarded to NCL in the name of (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) Street #52 Afghana Lane, Beh, Kabul, Afghanistan, in the amount of (b)(4).

8. On October 9, 2008, former NCL employee (b)(6), (b)(7)(C) was interviewed in Kabul, Afghanistan (b)(6), (b)(7)(C) was hired by (b)(6), (b)(7)(C) on June 6, 2008, to assist in writing RFPs, and had been recently fired by (b)(6), (b)(7)(C). (b)(6), (b)(7)(C) provided general information relative NCL's operation, downloaded files from (b)(6), (b)(7)(C) personal laptop, and agreed to provide further information upon returning to the U.S.

9. On October 14, 2008, (b)(6), (b)(7)(C) provided a memorandum outlining the release of sensitive source information by select U.S. military members, to NCL. In this memorandum, (b)(6), (b)(7)(C) admitted that NCL owner (b)(6), (b)(7)(C) was able to reduce (b)(6), (b)(7)(C) price to make (b)(6), (b)(7)(C) bid more competitive based upon information (b)(6), (b)(7)(C) provided. (b)(6), (b)(7)(C) also admitted to talking to 7th Group and CMH Contracting office personnel who mentioned to (b)(6), (b)(7)(C) key points like weapons systems and "even the magic number for the bid." (b)(6), (b)(7)(C) admitted that (b)(6), (b)(7)(C) wrote the answers to the CMH Discussions "based on anything that was mentioned in conversations I had at CMH to include the addition of PKM's to the guard towers and the recommendation to reduce the BAFO price by (b)(6), (b)(7)(C), (b)(4). (b)(6), (b)(7)(C) further indicates that NCL did "ultimately reduce their bid based upon information I received from CMH on 17 AUG 08."

10. Included in (b)(6), (b)(7)(C) October 14, 2008 memorandum is a letter written by (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) detailing the summary of the meeting at CMH on August 17, 2008. In this memorandum, (b)(6), (b)(7)(C) tells (b)(6), (b)(7)(C) that "the purpose of this document is to give you some insight as to why the bid was re-opened with discussion questions." (b)(6), (b)(7)(C) further states that "CSTC-A (Camp Eggers) was behind the decision to open the bid up again...the contract would have been award long ago but the CMH crew insisted we get another crack at it. Two sources independently verified the (b)(4) coverage. They both volunteered that information."

11. On October 20, 2008, (b)(6), (b)(7)(C) provided a second memorandum outlining further details of the release of sensitive source information to NCL. In this memorandum, (b)(6), (b)(7)(C) provided the names of the CMH personnel in attendance at the meeting at CMH on August 17, 2008, where sensitive source selection information was provided to (b)(6), (b)(7)(C). (b)(6), (b)(7)(C) identified the personnel as U.S. Special Forces members (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C). (b)(6), (b)(7)(C) stated that both (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) informed (b)(6), (b)(7)(C) that NCL "overshot its bid by (b)(4). (b)(4) also identified several NCL staff members, in addition to (b)(6), (b)(7)(C) who had knowledge that NCL overstated its bid, including (b)(6), (b)(7)(C) at NCL.

12. On April 1, 2009, Federal search warrants were served on the email accounts of (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) (b)(6), (b)(7)(C), and (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) (b)(6), (b)(7)(C)

13. On April 21, 2009, lead requests were sent out for interviews of (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) Lead responses are still pending.

14. On May 30, 2009 a review of email above accounts for (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) were reviewed. The email account for (b)(6), (b)(7)(C) was unable to be opened for review. Due to concerns by AUSA (b)(6), (b)(7)(C) regarding potential of access to privileged information, the email accounts will be transferred to the Mid Atlantic Field Office for independent analysis. Results of the email reviews are not provided in any Form 1's or reports.

15. On June 4, 2009, in discussion with AUSA (b)(6), (b)(7)(C) the U.S. Attorney's office intends to transfer the investigation to the Eastern District of Virginia for potential prosecution of 41 U.S.C. 423b. In concert with USDOJ, as NCL is based in Mclean, VA, and (b)(6), (b)(7)(C) resides in Arlington, VA, this investigation is being transferred to the DCIS Mid Atlantic Field Office for investigation.

16. On May 29, 2009, (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) were interviewed. Both denied ever attending a meeting on August 17, 2009. Both initially denied ever knowing each other, then admitted to knowing each other later during the interview. (b)(6), (b)(7)(C) stated (b)(6), (b)(7)(C) told (b)(6), (b)(7)(C) NCL had overbid by (b)(4)

17. On June 16, 2009, (b)(6), (b)(7)(C) was interviewed. (b)(6), (b)(7)(C) denied ever attending a meeting on August 17, 2009. (b)(6), (b)(7)(C) related that (b)(6), (b)(7)(C) turned NCL overbid the contract from "office talk," which included (b)(6), (b)(7)(C) as being in attendance.

18. On June 19, 2009 (b)(6), (b)(7)(C) was contacted. (b)(6), (b)(7)(C) was unwilling to waive (b)(6), (b)(7)(C) rights and contacted (b)(6), (b)(7)(C) local JAG office. AUSA (b)(6), (b)(7)(C) has contacted the counsel for (b)(6), (b)(7)(C)

19. On July 30, 2009 and August 19, 2009 (b)(6), (b)(7)(C) was interviewed regarding the above allegations. (b)(6), (b)(7)(C) admitted to receiving contract information, but denied ever informing (b)(6), (b)(7)(C) or anyone else for NCL to lower their bid by (b)(6), (b)(7)(C), (b)(4) admitted to receiving information that NCL overbid by (b)(4)

20. On August 24, 2009, in discussion with AUSA (b)(6), (b)(7)(C) and AUSA (b)(6), (b)(7)(C) following the interview of (b)(6), (b)(7)(C) the investigation will be transferred to the Mid-Atlantic Field office, Arlington, VA for further investigation.

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IDENTITY OF SUBJECTS:

Identifying Data:

Name

(b)(6), (b)(7)(C)

Alias

None

Social Security Number

Date/Place of Birth

Race

Sex

Residence

(b)(6), (b)(7)(C)

Employment/Occupation

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IDENTITY OF SUBJECTS:

Identifying Data:

Name

(b)(6), (b)(7)(C)

Alias

None

Social Security Number

Date/Place of Birth

Race

Sex

Residence

(b)(6), (b)(7)(C)

Employment/Occupation

Task Force Camp Morehead
Afghanistan

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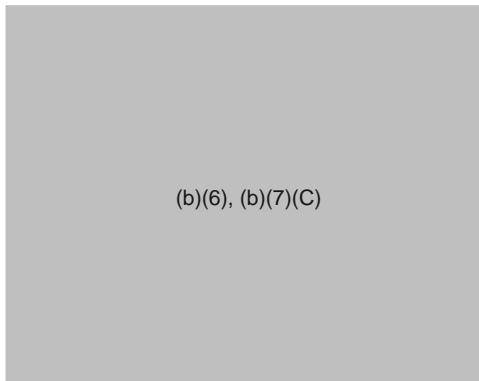
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~~LAW ENFORCEMENT SENSITIVE~~

IDENTITY OF SUBJECTS:

Identifying Data:

Name
Alias
Social Security Number
Date/Place of Birth
Race
Sex
Residence

Employment/Occupation



(b)(6), (b)(7)(C)

Task Force Camp Morehead
Afghanistan

IDENTITY OF SUBJECTS:

Identifying Data:

Name

(b)(6), (b)(7)(C)

Alias

None

Social Security Number

Date/Place of Birth

Race

Sex

Residence

(b)(6), (b)(7)(C)

Employment/Occupation

CLASSIFICATION:

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LAW ENFORCEMENT RECORDS:

The files of the Defense Clearance and Investigations Index (DCII) were queried but did not contain any information pertinent to this investigation.

STATUS OF INVESTIGATION:

This investigation is being actively pursued by the U.S. Attorney's Office, Arlington, VA. This investigation is being transferred to the DCIS Mid-Atlantic Field Office to support prosecution in the Eastern District of Virginia.

PROSECUTIVE CONSIDERATIONS:

There are no prosecutive considerations to date.

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EXHIBITS:

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
1.	Form 1 Interview of Source, October 7, 2008
2.	Form 1, Interview of (b)(6), (b)(7)(C) October 5, 2008
3.	Form 1, Re-Interview of (b)(6), (b)(7)(C) October 20, 2008
4.	Form 1, Interview of (b)(6), (b)(7)(C) October 24, 2008
5.	FD 302, Interview of (b)(6), (b)(7)(C) October 9, 2008
6.	(b)(6), (b)(7)(C) Memorandum, dated October 14, 2008
7.	(b)(6), (b)(7)(C) Memorandum, dated October 20, 2009
8.	FD 302, Electronic media received from (b)(6), (b)(7)(C) October 15, 2008
9.	FD 302, Electronic media received from (b)(6), (b)(7)(C) October 17, 2008
10.	FD 302, Electronic media received from (b)(6), (b)(7)(C) October 23, 2008
11.	CD's received from FBI Kabul, containing electronic media provided by (b)(6), (b)(7)(C)
12.	CD received from FBI Kabul, consensual recording of (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C)
13.	Form 1, Service of Search Warrants, April 1, 2009
14.	Form 1, Lead Request for interview of (b)(6), (b)(7)(C) April 21, 2009
15.	Form 1, Lead Request for interview of (b)(6), (b)(7)(C) April 21, 2009
16.	Form 1, Lead Request for interview of (b)(6), (b)(7)(C) April 21, 2009
17.	Form 1, Lead Request for interview of (b)(6), (b)(7)(C) April 21, 2009
18.	Form 1, Lead Request for interview of (b)(6), (b)(7)(C) April 21, 2009
19.	CD's containing emails provided by MSN, Yahoo, AOL, and Google
20.	PIA certifications for (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C)

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21. Form 1, Receipt of Records from KRCC, June 6, 2009
22. Form 1, Lead Response for (b)(6), (b)(7)(C) dated June 1, 2009
23. Form 1, Lead Response for (b)(6), (b)(7)(C) dated June 1, 2009
24. Form 1, Lead Response for (b)(6), (b)(7)(C) dated June 29, 2009
25. Form 1, Lead Response for (b)(6), (b)(7)(C), dated July 8, 2009
26. Form 1, Lead Response for (b)(6), (b)(7)(C) dated August....2009

Prepared by SA (b)(6), (b)(7)(C) Bagram Post of Duty

DISTR: 03EC/60FO/ICCTF-JOC (SA (b)(6), (b)(7)(C) /USACIDC-AFO/FBI

APPR: (b)(6), (b)(7)(C)

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INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
INDIANAPOLIS RESIDENT AGENCY
6666 E. 75TH STREET, STE 501
INDIANAPOLIS, IN 46250-2860

(Investigations)

REPORT OF INVESTIGATION

DOD HOTLINE (NO. 108034)

200900925T-18-FEB-2009-40IN- (b)(7)(E)

December 14, 2010

(b)(4)

DISTRIBUTION:

DCMA – St. Louis Fraud Counsel (b)(6), (b)(7)(C)
AUSA – Cleveland (b)(6), (b)(7)(C)
NCIS – Indianapolis (b)(6), (b)(7)(C)

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NARRATIVE

1. Assistant United States Attorney, (b)(6), (b)(7)(C) (AUSA (b)(6), (b)(7)(C)) U.S. Department of Justice, Antitrust Division, Cleveland, Ohio, contacted SA (b)(6), (b)(7)(C) SA (b)(6), (b)(7)(C) Defense Criminal Investigative Service (DCIS), Indianapolis Resident Agency (Indianapolis RA), IN, and stated (b)(6), (b)(7)(C) claimed that (b)(4) (b)(4) was defrauding the federal government by avoiding competition and compliance of federal law. (b)(6), (b)(7)(C) was a mechanical engineer, assigned to the production of the U.S. Navy's phalanx weapon system's final assembly process, initial government contract N00024-04-C-5460 dated June 3, 2004, with several additional contract modifications.
2. According to (b)(6), (b)(7)(C) complaint, (b)(4) violated several laws from the Federal Acquisition Regulations (FAR) and Defense Federal Acquisition Regulations (DFAR). (b)(6), (b)(7)(C) alleged that (b)(4) awarded single source contracts, on two occasions, to subcontractors without advertising and soliciting bids from other competitive companies. (b)(6), (b)(7)(C) stated that (b)(4) has been pressured into signing documents without appropriate justifications for single source decisions. (b)(6), (b)(7)(C) went to several different managers, within (b)(4) attempting to persuade the company to comply with DFAR laws in managing procurement activities in accordance with the federal laws. Rather than receiving (b)(6), (b)(7)(C) information in an "open and transparent manner; the company tried to cover up all aspects of the issue and refused to answer any questions relating to these issues."
3. On March 26, 2009, it was learned that (b)(6), (b)(7)(C) was put on an indefinite leave of absence from (b)(4) after rejecting a proposal for voluntary separation of employment.
4. On October 2, 2009, (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) for the Naval Sea Systems Command, Contracts Directorate, sent an e-mail which stated while competition in subcontracting is desirable, it was not a requirement. (b)(6), (b)(7)(C) also stated that the phalanx contract with (b)(4) was a Firm-Fixed Price Contract and the bid was determined to be reasonably priced. AUSA (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) Fraud Counsel, Defense Contract Management Agency (DCMA), St. Louis, MO, requested DCIS review the pre-award contract file with the Defense Contract Audit Agency (DCAA) Audit Support for potential fraud indicators in the pre-award pricing stage of negotiations.
5. On April 22, 2010, SA (b)(6), (b)(7)(C) (SA (b)(6), (b)(7)(C)) DCIS, Indianapolis RA coordinated with AUSA (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) to discuss what information needed to be looked at on the CD (containing the proposal) that was sent to (b)(6), (b)(7)(C) DCAA, Supervisory Auditor, Investigative Support, Smyrna, GA. (b)(6), (b)(7)(C) requested DCAA look at the subcontractors pricing history and compare to see if the bid was a reasonable price, if there was a defect, or overpricing on contracts. If the pricing is reasonable, there's nothing else to look into in regards to the allegations.
6. On October 1, 2010, SA (b)(6), (b)(7)(C) coordinated with (b)(6), (b)(7)(C) DCAA, Senior Auditor, Investigative Support, Indianapolis, IN, and (b)(6), (b)(7)(C) to discuss the results of (b)(6), (b)(7)(C) analysis. (b)(6), (b)(7)(C) explained to (b)(6), (b)(7)(C) that the subcontract proposal in

question (Ducommun) was submitted and internally evaluated by (b)(4) DCAA, Phoenix, AZ, audited the Prime (b)(4) proposal. There was pricing history data provided, quotes, and past performance of the subcontractor (Ducommun) provided by (b)(4) in the proposal. Based on the two proposals (b)(6), (b)(7)(C) did not believe there was anything suspicious or unreasonable about the contract and/or pricing. (b)(6), (b)(7)(C) and RA agreed all aspects of the investigation have been exhausted with negative results.

7. In addition to the complaint received by AUSA (b)(6), (b)(7)(C) submitted three other complaints to the DOD Hotline alleging additional allegations under the U.S. Navy's phalanx weapon system contract awarded to (b)(4). All of (b)(6), (b)(7)(C) complaints are captured under the same DOD Hotline number 108034. (b)(6), (b)(7)(C) first DOD Hotline complaint, dated August 25, 2008, stated that some parts (b)(4) received from subcontractor Ducommun, were erroneously labeled with incorrect part numbers. (b)(6), (b)(7)(C) alleged that (b)(4) "sister company" in Tucson, AZ, created a system whereby they have been "altering" government parts that (b)(4) incorporates into the phalanx weapons system since June 22, 1994. The issue is that the number on a specific part has been marked with an incorrect suffix. In this case, a "V" suffix is listed in the part number however, serves no purpose.

8. Historically, the "V" meant that the cable assemblies were built by Ducommun Fort Defiance which was under (b)(4) system. It was the only way (b)(4) could keep track of where the parts were assembled. The "V" also indicated to (b)(4) inventory that they needed to pull the parts and send them to Ducommun for final assembly. Ducommun Fort Defiance closed in December 2006, and all the work has been transferred to Ducommun Technologies in Phoenix. Ducommun Phoenix is not tied into (b)(4) system so therefore, the "V" is no longer needed. After (b)(6), (b)(7)(C) addressed the problem with (b)(6), (b)(7)(C) Supplier Manager (b)(4) and (b)(6), (b)(7)(C) Navy, In-Service Engineering, it was determined the "V" was a mismarking and miscommunication; the "V" had no purpose.

9. (b)(6), (b)(7)(C) second DOD Hotline complaint, dated October 29, 2008, stated that (b)(4) substituted non-conforming bearings for the phalanx weapon system. (b)(6), (b)(7)(C) alleged that (b)(4) purchased bearings from several different companies to include Timken and Motion Industries which did not meet military specifications. (b)(6), (b)(7)(C) notified (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) Defense Logistics Agency (DLA), and asked (b)(6), (b)(7)(C) for an opinion on the bearings. (b)(6), (b)(7)(C) found the bearings to be an unacceptable substitute. (b)(6), (b)(7)(C) third DOD Hotline complaint, held (b)(6), (b)(7)(C) personally responsible for some of the bearing issues.

10. On May 6, 2009, SA (b)(6), (b)(7)(C) contacted (b)(6), (b)(7)(C) about the bearing issue. (b)(6), (b)(7)(C) stated (b)(6), (b)(7)(C) "indirectly" believed that the bearing issue was resolved between (b)(4) and the Navy. (b)(6), (b)(7)(C) said the people who have direct knowledge of this issue would be (b)(6), (b)(7)(C) DCMA, Quality Assurance Representative (QAR), and (b)(6), (b)(7)(C) Navy Representative In-service Engineering Activity for the Phalanx Weapon System.

11. On May 6, 2009, SA (b)(6), (b)(7)(C) contacted (b)(6), (b)(7)(C) who related (b)(4) submitted a deviation report, number 5460D-072, to the Navy last year referencing the bearing/lubrication issue. The Navy approved the deviation request. The deviation request outlines the current/new bearing

requirements and specifications. With the approval of the deviation report by the Navy; DCMA considered the issue resolved.

12. Since no criminal activity was uncovered, this investigation is closed. No judicial or administrative action will occur. There is no loss to the U.S. Government. There were no management control deficiencies identified during the course of this investigation.

IDENTITY OF SUBJECTS

(b)(4)

Commodity: (b)(4) develops defense technologies and converts those technologies for use in commercial markets.

Prepared by: SA (b)(6), (b)(7)(C) Indianapolis RA
B-1

APPR: (b)(6), (b)(7)(C)

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DEPARTMENT OF DEFENSE
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
ST LOUIS RESIDENT AGENCY
1222 SPRUCE ST, STE 8.308E
ST LOUIS, MO 63103-2811

(Investigations)

REPORT OF INVESTIGATION

SPECIAL INTEREST CASE

200901530E-30-APR-2009-40SL (b)(7)(E)

01-FEBRUARY-2011

(b)(6), (b)(7)(C)

SSN: (b)(6), (b)(7)(C)

DPOB: (b)(6), (b)(7)(C)

(b)(6), (b)(7)(C)

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NARRATIVE

1. This investigation was initiated based upon information provided by (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) U.S Army Audit Agency, Camp Victory, Iraq, APO AE 09342, regarding suspicious activities allegedly involving (b)(6), (b)(7)(C) in (b)(6), (b)(7)(C) position as (b)(6), (b)(7)(C) Forward Operating Base (FOB) Husayniyah, Iraq. (b)(6), (b)(7)(C) discovered the suspicious activities while examining the Commander's Emergency Response Program (CERP) in the Iraq Theater of Operations. The case was initiated by the Camp Victory POD and transferred to the St. Louis Resident Agency when (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) to (b)(6), (b)(7)(C).
2. According to information provided by (b)(6), (b)(7)(C) the PPO was responsible for obtaining supplies and contract services, corresponding with contractors, and preparing payment vouchers. Payments on CERP contracts were made in the form of cash. As a PPO, (b)(6), (b)(7)(C) authority to contract services could not exceed \$500,000 without approval from a higher authority and supported by a contract signed by a warranted contracting officer. Additionally, (b)(6), (b)(7)(C) was not authorized to split purchases in order to avoid the monetary limitations set in place for these types of contracts.
3. (b)(6), (b)(7)(C) was involved in a project to build and renovate bathrooms in the Karbala Province of Iraq, which included the awarding of three contracts. Prior to accepting bids for the Karbala school renovation project, (b)(6), (b)(7)(C) (NFI) and (b)(6), (b)(7)(C) (NFI), both of whom are engineers and hold U.S. citizenship, estimated the project would cost \$360,000. However, the lowest bid received for the three contracts that were awarded was \$498,728, which exceeded the estimate by more than \$138,000. Each of the three contracts awarded were just under the \$500,000 limit that (b)(6), (b)(7)(C) was required to comply with under CERP fund regulations. It was revealed that (b)(6), (b)(7)(C) responsibility was to report on the progress of the construction and to pay the contractor.
4. (b)(6), (b)(7)(C) also provided information that (b)(6), (b)(7)(C) paid 73% of the contract amount within the first 90 days after the contract was awarded, rather than the normal 50% payout that was authorized if all scheduled work was completed on time. Inspections revealed that the renovation projects were behind schedule and the work completed did not warrant the corresponding payouts. (b)(6), (b)(7)(C) Military Occupation Specialty was 88M or motor transport operator and not a contract specialist or construction specialist and relied on the contractors and (b)(6), (b)(7)(C) for the progress of the work completed.
5. It was alleged that (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) conspired with three companies to raise their bid amounts to just below the monetary threshold in order to restrain competition and guarantee the contract award. It was further alleged that after the contract award, one of the companies paid (b)(6), (b)(7)(C) \$240,000 for the bid information that was provided. Additionally, (b)(6), (b)(7)(C) allegedly accepted and paid progress payment requests from the companies on this project despite the lack of progress in actual renovations to support the payment requests. (b)(6), (b)(7)(C) was unaware of these allegations and the whereabouts of (b)(6), (b)(7)(C) is unknown.

01-FEBRUARY-2011

6. The hard disk of (b)(6), (b)(7)(C) computer used during (b)(6), (b)(7)(C) assignment to the Provincial Reconstruction Team, FOB Husayniyah was imaged. The imaged drive was forwarded to the Defense Computer Forensics Laboratory for analysis. Certain personal electronic messages generated by (b)(6), (b)(7)(C) that were of potential relevance were identified.

7. (b)(6), (b)(7)(C) was interviewed and provided a signed sworn statement in which (b)(6), (b)(7)(C) denied receiving any moneys for special treatment for contractors. (b)(6), (b)(7)(C) agreed to submit to a polygraph examination, but during the pre-test interview (b)(6), (b)(7)(C) admitted to previously lying to the reporting agent. (b)(6), (b)(7)(C) admitted to taking several thousand dollars from contractors while (b)(6), (b)(7)(C) was a PPO.

8. AUSA (b)(6), (b)(7)(C) Western District of Missouri, Springfield satellite office, 901 East St. Louis St., Springfield, MO 65806 declined to seek criminal prosecution of (b)(6), (b)(7)(C) due to the relative low dollar amount.

9. (b)(6), (b)(7)(C) Commander, Head Quarters, 58th Transportation Battalion and the JAG office at Ft. Leonard Wood handled the prosecution and recommendations. In June of 2010

(b)(6), (b)(7)(C)

(b)(6), (b)(7)(C) All investigative and prosecutive activity has been completed in this case and this investigation is considered closed. No management control deficiencies were identified during the course of this investigation.

01-FEBRUARY-2011

IDENTITY OF SUBJECTS

Name:
Social Security Number:
Date/Place of Birth:
Race:
Residence:
Employment:
Telephone:
Education:

(b)(6), (b)(7)(C)

Unknown



(Investigations)

DEPARTMENT OF DEFENSE
OFFICE OF INSPECTOR GENERAL
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
ARLINGTON RESIDENT AGENCY
201 12th STREET SOUTH, SUITE 712
ARLINGTON, VIRGINIA 22202-5408

REPORT OF INVESTIGATION

200902103J-21-JULY-2009-60DC (b)(7)(E)

February 18, 2011

(b)(4)

DISTRIBUTION:

DCIS Headquarters, Economic Crimes Program (03EC)

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February 18, 2011

NARRATIVE:

1. This case was initiated based on information (b)(6), (b)(7)(C). Walter Reed Army Medical Center (WRAMC), Washington, DC, provided SAs (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) DCIS Arlington Resident Agency (RA), regarding a possible bid-rigging scheme. (b)(6), (b)(7)(C) advised that while (b)(6), (b)(7)(C) was the (b)(6), (b)(7)(C) for WRAMC, (b)(6), (b)(7)(C) Direct Healthcare Provider Branch, North Atlantic Regional Contracting Office (NARCO), Washington, DC, and (b)(6), (b)(7)(C) Direct Healthcare Provider Branch, NARCO, brought the issue to (b)(6), (b)(7)(C) attention.
2. On March 17, 2009, SAs (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) who informed (b)(4) possibly violated antitrust laws. (b)(4) was the incumbent on two contracts: Intensive Care Unit (ICU) nursing services, Solicitation Number W91YTZ-09-R-0018; and Medical Surgical (MedSurg) nursing services, Solicitation Number W91YTZ-09-R-0007. Both contracts were being re-competed. The ICU contract was set aside for Service Disadvantaged Veteran-Owned Small Business, and the MedSurg contract was set aside for any small business. In response to the Request for Proposal (RFP), the ICU contract received 31 proposals, 11 of which contained the same language. The MedSurg contract received 51 proposals; again, 11 proposals were the same. The Direct Healthcare Provider Branch has a team who evaluates contractors' proposals for technical proficiency, past performance, and price. Most contractors who submitted identical proposals did not have any past performance. (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) discovered (b)(4) was the proposed subcontractor for all 22 proposals. (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) were concerned (b)(4) did something illegal and conceivably had access to pricing data for the companies.
3. On May 12, 2009, SA (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7)(C) Direct Healthcare Provider Branch, NARCO. (b)(6), (b)(7)(C) was the contracting officer for the (b)(4) contract. Concerning the identical proposals, (b)(6), (b)(7)(C) informed (b)(6), (b)(7)(C) previously addressed the issue and determined (b)(4) did nothing wrong. (b)(6), (b)(7)(C) provided a document, (b)(4) authored to explain (b)(4) position. (b)(6), (b)(7)(C) informed (b)(4) (b)(4) originally had the contract. (b)(4) was near default when (b)(4) bought it. (b)(4) is now (b)(4) (b)(6), (b)(7)(C) owned (b)(4) however, (b)(6), (b)(7)(C) is now the Director of Patient Care at (b)(4) (b)(6), (b)(7)(C) expressed sympathy for (b)(4) and felt it was losing money on the contracts.
4. On May 28, 2009, SA (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) WRAMC, Washington, DC. (b)(6), (b)(7)(C) is the (b)(6), (b)(7)(C) for all nursing contracts. In addition, (b)(6), (b)(7)(C) is a representative on the technical evaluation board. (b)(6), (b)(7)(C) informed (b)(4) (b)(4) disliked (b)(4) because it did not perform well. (b)(4) nursing fill rate is approximately 65% (the contract calls for a 95% fill rate). No action has ever been taken against (b)(4) (b)(6), (b)(7)(C) was a huge advocate for the company. In fact, everyone on the technical evaluation board knew (b)(6), (b)(7)(C) was partial to (b)(4) (b)(6), (b)(7)(C) informed the (b)(4) contract was supposed to be re-competed in 2007; however, it has been extended since 2007. (b)(6), (b)(7)(C) stated the MedSurg contract was recently awarded to R&B Company, Limited Liability Company, Greenbelt, MD.

A-1

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February 18, 2011

5. On August 3, 2010, SA (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7)(C) Celebrity Medical Personnel (CMP). (b)(6), (b)(7)(C) was interviewed because (b)(6), (b)(7)(C) company was one of many that had similar proposals and had (b)(4) as its subcontractor. (b)(6), (b)(7)(C) stated (b)(6), (b)(7)(C) hired (b)(6), (b)(7)(C) in 2007 to help market CMP and obtain contracts with the Federal Government. To no avail CMP was unable to obtain government contracts, even with (b)(6), (b)(7)(C) help. Later, (b)(6), (b)(7)(C) obtained employment with (b)(4) (b)(6), (b)(7)(C) contacted (b)(6), (b)(7)(C) when an opportunity arose for CMP to partner with (b)(4) and (b)(6), (b)(7)(C) informed (b)(6), (b)(7)(C) of the medical staffing contract at WRAMC. As a result, (b)(6), (b)(7)(C) bid on the WRAMC contract. (b)(6), (b)(7)(C) never wrote a proposal, (b)(6), (b)(7)(C) hired experts and asked (b)(6), (b)(7)(C) (NFI), a (b)(4) employee, to help (b)(6), (b)(7)(C) informed (b)(6), (b)(7)(C) could not help (b)(6), (b)(7)(C) with determining pricing.
6. On September 23, 2010, SA (b)(6), (b)(7)(C) re-interviewed (b)(6), (b)(7)(C) who informed neither the ICU nor MedSurg contract was awarded to a company who utilized (b)(4) (b)(4) as a subcontractor. The solicitation review board did not select any of the proposals that were similar, as they did not address past performance. The contract for ICU nursing services was awarded to Catalyst Professional Services, Incorporated, Contract Number W91YTZ09C0011. The MedSurg nursing services contract was awarded to RB Company, Limited Liability Company, Contract Number W91YT209C0010.
8. Of all the proposals (b)(4) was suspected to have influenced, none were selected for contract award. (b)(4) is not a subcontractor on the ICU or MedSurg contract; therefore, there was no loss to the government. All investigative effort by DCIS is now complete. This office will pursue no further action. No major issues requiring a fraud vulnerability report were identified during the course of the investigation. This investigation is closed as "unfounded."

February 18, 2011

IDENTITY OF SUBJECTS

(b)(4)

Commodity: (b)(4) is a provider of professional medical staffing and clinic management services to Federal and county government agencies.

Prepared by Special Agent (b)(6), (b)(7)(C) Arlington Resident Agency APPR: (b)(6), (b)(7)(C)

B-1

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DEPARTMENT OF DEFENSE
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
HOUSTON RESIDENT AGENCY
1919 SMITH STREET
SUITE 1000
HOUSTON, TX 77002

(Investigations)

REPORT OF INVESTIGATION

201000555I-15-DEC-2009-30HS (b)(7)(E)

1-NOVEMBER-2010

(b)(4)

DISTRIBUTION

USA-CID Rock Island, IL (SA (b)(6), (b)(7)(C))
USDoJ Anti- Trust Division N/D of IL (b)(6), (b)(7)(C)
Defense Contract Audit Agency

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1-NOVEMBER-2010

NARRATIVE

1. This investigation was initiated based on a Defense Contract Audit Agency (DCAA) Form 2000, Suspected Irregularity Referral Form (09-108). DCAA advised that they conducted a routine audit of (b)(4) that disclosed potential bid rigging of insurance coverage by the contractor. (b)(4) is required to maintain Defense Base Act (DBA) insurance coverage for employees and contractors working overseas under the Logistics and Civilian Augmentation Program (LOGCAP III) contract number DAAA-09-02-D-0007. DBA insurance is a Federally mandated workers compensation system for overseas Government contractors. The DCAA referral alleges that (b)(4) overcharged the Government between \$180 and \$250 million in premiums over what would have been reasonable in a competitive market place. The time period covered by the audit was fiscal years 2004 and 2005.
2. According to the referral, (b)(4) insurance broker, (b)(4) informed (b)(4) personnel that they had performed detailed analysis of the premium rates to be used for the period in question. As a result of the analysis, (b)(4) recommended (b)(4) continue to use (b)(4) as the carrier for DBA insurance. In conjunction with the audit, DCAA asked (b)(4) for documentation of the premium analysis and (b)(4) could provide only limited documentation contained in a brief email. DCAA maintains that (b)(4) DBA premiums more than tripled during the time period in question.
3. U.S. Department of Justice (DoJ) Anti-trust attorney (b)(6), (b)(7)(C) Northern District of Illinois, expressed an interest in prosecuting the case. The case was also coordinated with (b)(6), (b)(7)(C) U.S. Army Criminal Investigations Division (CID), Rock Island, IL. CID agreed to conduct a joint investigation and SA (b)(6), (b)(7)(C) was the assigned case agent. Special Inspector General for Iraq Reconstruction SA (b)(6), (b)(7)(C) was also briefed on the investigation, but declined to participate.
4. In February 2010, the case was reassigned from DCIS SA (b)(6), (b)(7)(C) to the reporting agent (RA). Prior to the reassignment, SA (b)(6), (b)(7)(C) attempted to make contact with a potential witness, CNA Insurance Corp. (CNA) employee (b)(6), (b)(7)(C). On February 22, 2010, SA (b)(6), (b)(7)(C) advised the RA that (b)(6), (b)(7)(C) never made returned, (b)(6), (b)(7)(C). The RA subsequently arranged through CNA legal counsel (b)(6), (b)(7)(C) and Wildman, Harrold, Allen, & Dixon LLP (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) attorney (b)(6), (b)(7)(C) to schedule an interview with (b)(6), (b)(7)(C).
5. On April 28, 2010, the RA interviewed former (b)(4) employee (b)(6), (b)(7)(C) at the Humble, TX Police Department. (b)(4) Counsel (b)(6), (b)(7)(C) of Litigation (b)(6), (b)(7)(C) also was present and DoJ Attorney (b)(6), (b)(7)(C) participated by phone. (b)(6), (b)(7)(C) provided historical information concerning the DBA insurance program at Halliburton and (b)(4). In summary, (b)(6), (b)(7)(C) and (b)(4) representatives believed the FY 2005 quote increase submitted by (b)(4) for (b)(4) DBA policy was excessive even with an increase surge in violence in Iraq. However, (b)(4) was the only insurance company to bid on the program. (b)(6), (b)(7)(C) provided additional information on the DBA program and (b)(4) legal position concerning (b)(4) employees' claims.

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1-NOVEMBER-2010

6. On April 30, 2010, the RA met with DoJ attorney (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) at the DoJ Anti-Trust Division offices in Chicago, IL to discuss the investigation. On April 30, 2010, the RA conducted an interview with (b)(6), (b)(7)(C) at the law offices of (b)(6), (b)(7)(C) located in Chicago, IL. (b)(6), (b)(7)(C) and DoJ attorney (b)(6), (b)(7)(C) participated in the interview and CNA Counsel (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) attorneys (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) were also present. In summary, (b)(6), (b)(7)(C) provided information explaining CNA's business decision for not responding to a bid proposal from (b)(4) for the (b)(4) DBA insurance premium.

7. On May 10, 2010, the RA received a copy of an interview report conducted by SA (b)(6), (b)(7)(C) with (b)(6), (b)(7)(C) Army Contracting Command, Rock Island Arsenal, IL. In summary, (b)(6), (b)(7)(C) stated that the Federal Acquisition Regulations and (b)(4) internal policies require (b)(4) to compete the DBA insurance. However, the Government would have accepted the bid if (b)(4) solicited three bids but only received one bid because the two solicitations were unresponsive.

8. On May 26, 2010, the RA received information from DCAA (b)(6), (b)(7)(C) that DCAA had changed the date of their meeting with (b)(4) from May 6 to July 1, 2010. DCAA had apparently requested information from (b)(4) regarding any conflict of interest they had in brokering (b)(4) DBA program. These were the same allegations being pursued in this investigation. (b)(6), (b)(7)(C) requested that the RA provide a formal request for DCAA assistance so a DCAA Regional Investigative Support (RSI) auditor could be assigned. (b)(6), (b)(7)(C) opined that an assigned RSI auditor would provide better coordination between the investigation and the field audit. The RSI auditor would respond to the previous information and document requests made by the RA. On June 23, 2010, the RA forwarded the request to (b)(6), (b)(7)(C) for audit support regarding the investigation and further requested the assigned DCAA-RSI auditor attend the July 1, 2010, meeting with (b)(4) representatives.

9. On June 25, 2010, the RA received records from (b)(6), (b)(7)(C) that were labeled CNA (b)(4) 0001-0363. The records included email communications from (b)(4) (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) to (b)(6), (b)(7)(C) regarding the (b)(4) DBA September 30, 2005-2006 submission. Also enclosed was risk exposure information provided by (b)(4) through (b)(4) to CNA. The (email) declination letter request from (b)(6), (b)(7)(C) to (b)(6), (b)(7)(C) was also included. The RA reviewed these records and documented the findings in a Form 1.

10. On July 20, 2010, the RA met with DCAA representatives to obtain information from DCAA Field Audit representatives, who attended the (b)(4) meeting. The purpose of the meeting was to obtain information relative to the DCAA ongoing audit of (b)(4) DBA insurance program and to ascertain the details of the July 1, 2010, meeting between DCAA, (b)(4) and (b)(4). DCAA anticipated that (b)(4) would provide their official position regarding several issues. However, according to DCAA, (b)(4) was unresponsive regarding an official position. The RA requested a list of names of those that attended the July 1, 2010, meeting and the documents previously requested.

11. On July 30, 2010, the RA contacted former (b)(4) employee (b)(6), (b)(7)(C) to arrange an interview with (b)(6), (b)(7)(C) in New Orleans, LA. The RA subsequently coordinated the August 25, 2010,

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interview with (b)(6), (b)(7)(C) through (b)(4) in-house counsel (b)(6), (b)(7)(C) Kim & Spalding attorney (b)(6), (b)(7)(C) and Jones Walker attorney (b)(6), (b)(7)(C) (b)(6), (b)(7)(C)

12. On August 25, 2010, the RA interviewed (b)(6), (b)(7)(C) at the Jones Walker law offices 201 St. Charles Street New Orleans, LA (b)(6), (b)(7)(C) addressed past issues with the DBA program and also presented several new allegations against (b)(4). The allegations included (b)(4) adding and concealing Accidental Disability and Dismemberment (AD&D), Employee Liability (EL), and Kidnapping and Ransom (K&R) riders to their DBA policy. On September 1, 2010, the RA contacted DCAA auditor (b)(6), (b)(7)(C) and advised (b)(6), (b)(7)(C) of the new allegations (b)(6), (b)(7)(C) stated that the AD&D and EL were allowable costs; but the K&R riders were excluded in lieu of the War Hazards Compensation Act providing coverage (b)(6), (b)(7)(C) didn't observe the K&R riders on the policy and the RA reported that (b)(6), (b)(7)(C) wasn't certain if the rider was ever formally attached.

13. The RA advised DCAA (b)(6), (b)(7)(C) that the RA solicited the cooperation of (b)(4) in-house and outside counsel, who agreed to promptly respond to any lingering DCAA requests. The RA agreed to facilitate obtaining any documents that DCAA had requested and that DCAA deemed (b)(4) to be unresponsive (b)(6), (b)(7)(C) further advised that (b)(6), (b)(7)(C) was uncertain if additional audit authorization would be approved into issues related to the ongoing audit.

14. On September 13, 2010, DCAA Central Region RSI (b)(6), (b)(7)(C) requested a meeting with the RA to coordinate the RA's June 24, 2010, request for assistance and the status of the DCAA field audit. On September 28, 2010, the RA met with DCAA representatives (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) advised that the RSI auditor that was previously assigned to coordinate the investigation and audit had been reassigned (b)(6), (b)(7)(C) also advised that a RSI auditor was not able to attend the July 1, 2010, meeting between DCAA field auditors and (b)(4) and (b)(4) and (b)(6), (b)(7)(C) didn't know the details (b)(6), (b)(7)(C) advised the RA that (b)(6), (b)(7)(C) was planning on assigning another RSI auditor to provide the information and documents the RA requested on June 24, 2010. The RA advised that the information was no longer required subsequent to the witness interviews (b)(6), (b)(7)(C) conducted. However, the RA did again request a list of the attendees at the July 1, 2010, meeting.

15. The RA provided a summary of information to DCAA related (b)(6), (b)(7)(C) interviews of former (b)(4) and (b)(4) employees and requested a status of the field audit. The auditors in attendance did not have an updated status and (b)(6), (b)(7)(C) advised that (b)(6), (b)(7)(C) would contact DCAA auditor (b)(6), (b)(7)(C) for an updated status. The RA advised that the investigation would remain open until the issues associated with the (b)(4) subcontractors' DBA costs were reconciled (b)(6), (b)(7)(C) advised that (b)(6), (b)(7)(C) didn't know if it was possible for (b)(4) or (b)(4) to conduct reconciliations and/or if DCAA management would authorize an audit of those issues. The RA volunteered to facilitate any additional DCAA requests for information from (b)(4) or (b)(4) attorneys, whom (b)(6), (b)(7)(C) established a rapport with during the investigation.

16. On October 6, 2010, the RA was informed by (b)(6), (b)(7)(C) that DCAA had a conference call with (b)(6), (b)(7)(C) on October 5, 2010 (b)(6), (b)(7)(C) indicated that (b)(4) has refused to conduct any reconciliation (b)(6), (b)(7)(C) has recommended to DCAA management that a 20% cost decrement in

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1-NOVEMBER-2010

lieu of the reconciliation and DCAA's opinion that the DBA rate is inflated. (b)(6), (b)(7)(C) recommendation includes DCAA questioning approximately \$250 million for the 2003 through 2006 timeframe. However, these DCAA reports have not been issued/approved. Therefore, the final issuance of the reports/findings remains with DCAA Management to finalize (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) were uncertain if DCAA management would approve the reports or any further audit action.

17. On October 15, 2010, the RA conducted a telephone interview with former (b)(4) employee (b)(6), (b)(7)(C) acknowledged that (b)(4) decided to provide the DBA insurance through (b)(4) and (b)(4) to their subcontractors. The decision was based on the problems (b)(4) was having with subcontractors obtaining their own DBA insurance. (b)(4) tried implementing this requirement for months, but most Kuwaiti based subcontractors didn't want to obtain the insurance. Other subcontractors never paid their bills resulting in (b)(4) becoming a collection agency for delinquent subcontractors.

18. (b)(6), (b)(7)(C) acknowledged that (b)(4) never reconciled the actual payroll of subcontractors to the estimated payroll that (b)(4) was provided. (b)(6), (b)(7)(C) stated that (b)(4) didn't have the manpower or resources for reconciliation. Further, (b)(4) would have problems certifying the actual costs, because many times the subcontractors would not retain or submit actual payroll costs. (b)(4) also didn't believe there was a need to reconcile actual versus estimated payroll as there wasn't a substantial difference to their risk.

19. The RA inquired if (b)(6), (b)(7)(C) thought reconciliation was even possible. (b)(6), (b)(7)(C) opined that it would be very difficult because there were not many U.S. subcontractors out of the 20-30 subcontractors utilized. Many of the foreign subcontractors have been dissolved, renamed, or just didn't keep records. However, the major obstacle to reconciliation is that with every change order and/or task order the payroll also changed. Therefore, it would be an enormous project to obtain and analyze the payroll information that frequently changed.

20. The RA inquired if (b)(6), (b)(7)(C) believed the 10% administrative charge by (b)(4) pertaining to DBA subcontractors was reasonable. (b)(6), (b)(7)(C) stated that (b)(6), (b)(7)(C) explained the reasonableness of the administrative fee to DCAA auditor (b)(6), (b)(7)(C) on several occasions. (b)(6), (b)(7)(C) stated that (b)(4) had to impose an established fee because (b)(4) or (b)(4) didn't know the amount of DBA business that would be handled. (b)(6), (b)(7)(C) explained to (b)(6), (b)(7)(C) that the fee would probably be closer to 30% if a foreign broker handled the insurance.

21. Throughout the investigation the RA coordinated with DoJ attorney (b)(6), (b)(7)(C) indicated (b)(6), (b)(7)(C) wouldn't accept prosecution absent a finding of fraud or other criminal violations. The investigation to date did not substantiate fraud or other criminal violations. On October 29, 2010, (b)(6), (b)(7)(C) confirmed that (b)(6), (b)(7)(C) wouldn't pursue prosecution. Currently, there is no indication that DCAA is committed to pursue the subcontractor DBA allegation or impose the administrative penalty. Therefore, this investigation is closed. If additional information is revealed by DCAA that warrants investigative resources, consideration will be made to re-open this investigation, if appropriate.

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1-NOVEMBER-2010

22. A Fraud Vulnerability Report is not warranted in this matter.

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1-NOVEMBER-2010

IDENTITY OF SUBJECTS

(b)(4)

Commodity: DoD Prime Contractor handling logistics pursuant LOGCAP.

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IDENTITY OF SUBJECTS

(b)(4)

Commodity: Insurance carrier.

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1-NOVEMBER-2010

IDENTITY OF SUBJECTS

(b)(4)

Commodity: Insurance broker.

Prepared by: SA (b)(6), (b)(7)(C) Houston RA

APPR: (b)(6), (b)(7)(C)

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(b)(7)(E)

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INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
ATLANTA RESIDENT AGENCY
1899 POWERS FERRY RD., SUITE 300
ATLANTA, GA 30339

(Investigations)

REPORT OF INVESTIGATION

201100584V-04-JAN-2011-20AT- (b)(7)(E)

March 29, 2011

(b)(6), (b)(7)(C)

(b)(4)

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March 29, 2011

NARRATIVE:

1. This investigation was initiated based upon information provided by SA (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) U.S. Army Criminal Investigation Command (CID), Fort Gillem, Atlanta, GA. SA (b)(6), (b)(7)(C) related the investigation was initiated based upon information received via the Mission Division Installation Contracting Command Center (MICCC), Fort Bragg, NC, and from the Fort Benning, GA, contracting office.
2. It is alleged (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) of (b)(4) was sending emails inquiring about an upcoming Fort Benning Network Enterprise Center (NEC) contract valued at estimated \$27 million. (b)(6), (b)(7)(C) offered a \$10,000 bonus and a possible job with (b)(4) in exchange of information related to the specifics of the contract.
3. The initial investigation revealed that (b)(6), (b)(7)(C), (b)(6), (b)(7)(C) (b)(4) approached a representative with Lockheed Martin (LM), Columbus, GA, regarding the NEC contract. On or about September 15, 2010, a MICCC Fort Bragg contract specialist, while conducting a site visit at Fort Benning, was approached by a LM representative, who reported concerns with certain emails they received from (b)(6), (b)(7)(C). It was also discovered that employees working for ATS, another contractor at Fort Benning, GA, had received similar emails from (b)(6), (b)(7)(C) and a (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) from (b)(6), (b)(7)(C).
4. On October 27, 2010, CID coordinated with Assistant United States Attorney (AUSA) (b)(6), (b)(7)(C) Department of Justice Antitrust Division, Atlanta, GA. AUSA (b)(6), (b)(7)(C) opined that (b)(6), (b)(7)(C) and (b)(4) may have violated the antitrust laws to include bid rigging. AUSA (b)(6), (b)(7)(C) accepted the investigation.
5. The investigators conducted several preliminary inquiries which did not provide any incriminating information to substantiate the above allegations. On January 28, 2011, AUSA (b)(6), (b)(7)(C) notified SA (b)(6), (b)(7)(C) that they were not going to pursue this investigation and declined to pursue criminal or civil action against the titled subjects. Since no criminal evidence has been discovered nor were the allegations substantiated as of the date of this report, this investigation will be closed with the submission of this report. No loss to the Government was determined. No fraud vulnerabilities were identified during the course of this investigation.

March 29, 2011

IDENTITY OF SUBJECTS:**IDENTIFYING DATA**

Name	:	(b)(6), (b)(7)(C)
Alias	:	Unknown
Social Security Number	:	
Date/Place of Birth	:	(b)(6), (b)(7)(C) Unknown
Race	:	Unknown
Sex	:	
Residence	:	(b)(6), (b)(7)(C)

B-1

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March 29, 2011

IDENTITY OF SUBJECTS:**IDENTIFYING DATA**

Name	:	(b)(6), (b)(7)(C)
Alias	:	Unknown
Social Security Number	:	(b)(6), (b)(7)(C)
Date/Place of Birth	:	Unknown
Race	:	Unknown
Sex	:	
Residence	:	(b)(6), (b)(7)(C)

March 29, 2011

IDENTITY OF SUBJECTS:

(b)(4)

Commodity: (b)(4) is a provider of information technology (IT), engineering, logistical support to the U.S. Federal Government agencies.

B-3

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IDENTITY OF SUBJECTS:

(b)(4)

Commodity: Company focuses on procurement, distributing product and inventory management specialties.

Prepared by SA (b)(6), (b)(7)(C) Atlanta RA

APPR: (b)(6), (b)(7)(C)

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