

# Crime Awareness Newsletter

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Courtesy of the

**Department of Defense  
Office of the Inspector General  
Defense Criminal Investigative Service  
Central Field Office**



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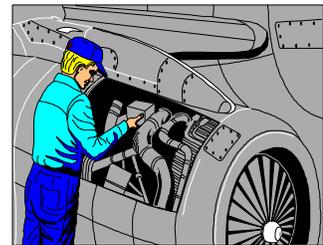
## Indictments

### False Representations

On April 3, 2002, Amanulla Khan, a.k.a. "Wali Merchant," and Ziad Jamil Gammoh, a.k.a. "Al Gammoh," were indicted on one count of alleged conspiracy and nine counts of allegedly misrepresenting material facts regarding the sale of aircraft parts. Subsequent to the indictment, Khan was arrested and Gammoh voluntarily surrendered. An investigation disclosed that Khan and Gammoh, while operating United Aircraft & Electronics (UAE), Anaheim, CA, allegedly made false representations to various civilian and

military customers related to a variety of aircraft components. Some of those aircraft components have been determined to be potentially critical to flight safety. The misrepresentations allegedly included the following: selling used or surplus parts while representing the parts to be newly-manufactured; selling used or surplus parts and supplying UAE's customers with altered and/or counterfeit certificates of conformance; intentionally selling inferior or nonconforming parts; and misrepresenting to UAE's customers claims about the company's manufacturing and quality assurance capabilities. The UAE has done several million dollars in business since its formation in February 2000, much of that business conducted directly or indirectly with the U.S. Government. During the early 1990s, Khan was convicted and served prison time for prior crimes involving defense contracting fraud and tax evasion. In March 1995, the U.S. Air Force officially debarred Khan from contracting with the U.S.

Government until July 21, 2010. The Western Field Office (FO) is conducting the investigation with the Federal Bureau of Investigation (FBI) and the Department of Transportation (DOT).



### False Claims

On April 11, 2002, Nestor "Dan" Lopez, director of Damon Industries, Incorporated (Damon), Pompano Beach, FL, was arrested based on the unsealing of a 54-count indictment that charges him with submitting false claims to the Defense Supply Center Columbus, OH, and mail fraud. Lopez allegedly supplied military spare parts to the DoD that did not meet the heat treatment specifications in the DoD contracts. The spare parts were required to be heat-treated per military specifications, however, Lopez failed to do so, in violation of the False Claims Act. The spare parts went into DoD weapon systems such as the C-135 aircraft, M109

Howitzer, M2 .50 caliber machine gun, F-18 fighter aircraft, M224 60mm mortar and numerous other weapon systems. The Fort Lauderdale Post of Duty (POD) is conducting the investigation.

### **False Claims**

On April 15, 2002, a criminal indictment was returned against Keith Jones, d. b.a. Environmental River Erosion Control (EREC). Jones is charged with 16 counts of submitting false and fictitious claims to the State of Oklahoma. The EREC, which is owned by Jones, installs river erosion control devices using a mattress of waste tires. These types of projects allow Jones to recycle tires, thus making him eligible for reimbursement from the Oklahoma Waste Tire Indemnity Fund. Oklahoma State law requires that waste tires be accounted for on a manifest indicating the actual number of tires. The manifest accompanies any request for reimbursement from the Waste Tire Indemnity Fund. Jones allegedly falsified the number of waste tires on the manifests he submitted to the State. The U.S. Army Corps of Engineers, Tulsa District, Tulsa, OK, has oversight authority of the projects in question. The Tulsa POD is conducting the investigation with the Oklahoma Department of Environmental Quality and the Oklahoma Attorney General's Office.

### **Firearms Violations**

On April 16, 2002, Brian Jason Danek surrendered himself to Federal authorities based on an indictment issued last week by a Federal grand jury in Corpus Christi, TX. Danek, currently a Navy Reserve Intelligence Specialist and a law student, was charged on two counts of firearms related charges. He allegedly purchased and possessed several firearms, despite a prior conviction prohibiting him from the purchase or possession of any weapon or dangerous device. The Houston RA conducted the investigation with the Bureau of Alcohol Tobacco and Firearms (ATF).

### **Theft**

On April 16, 2002, an indictment was returned against Cathleen Armstrong, Cocoa Beach, FL. Armstrong is charged with the theft of public monies and false statements. Several years before he died, Armstrong befriended Raymond Martin, a military retiree, in Cocoa Beach, FL. Prior to his death, Martin, a retired colonel, changed his will to make Armstrong the beneficiary of his entire estate. The Defense Finance and Accounting Service (DFAS) was not notified of Martin's death and continued to electronically deposit monthly military retirement checks of approximately

\$3,100 into Martin's bank account. From May 1997 through October 1999, Armstrong allegedly illegally obtained these funds. She allegedly deceived others by stating she was married to Martin and was, therefore, entitled to the military retirement payments after his death. The loss to the Government was determined to be \$92,127.06. The Tampa Bay POD is conducting the investigation with the DFAS.



### **False Statements**

On April 18, 2002, a six-count indictment was returned against Gary A. Voelker, Emigrant Gap, CA. The indictment charges Voelker with allegedly making false statements to obtain helicopters and helicopter parts from the DoD. As president of Voelker's Volunteer Fire Control, Inc., a nonprofit volunteer fire fighting company, Voelker obtained military surplus property through the Federal Surplus Personal Property Program. The property included surplus OH-58 and UH-1H helicopters and helicopter parts. Voelker allegedly stated to DoD surplus property administrators that

the helicopters and parts were placed into use for the purpose of fire-rescue training and observation while Voelker knew that the property was not used for that purpose. The Sacramento POD is conducting the investigation with the General Services Administration and the Sheriff's Office of Placer County, CA.



### **False Statements**

On April 24, 2002, a one-count indictment was returned against Jeffrey Alan Licht, Plainfield, NH, for allegedly making a false statement relating to health care matters. Licht allegedly falsified a DoD Certificate of Release or Discharge from Active Duty (DD Form 214) to receive health benefits at the Department of Veteran's Affairs (VA) Medical and Regional Office Center, Togus, ME. Licht allegedly presented the falsified DD Form 214 to personnel at the VA Medical Center as justification to receive health care benefits totaling approximately \$1,150. The Boston RA is conducting the investigation with the OIG, VA.

### **Kickbacks**

On April 25, 2002, indictments were returned against Federal Contract Services (FCS), Apple Valley, CA, and Marion F. Ely III and Jeffrey Bygum, owners of FCS. The FCS is charged with one count of conspiracy and two counts of violating the Anti-kickback Act. Ely and Bygum are each charged with one count of conspiracy, two counts of kickbacks, one count of conspiracy to tamper with a witness and one count of tampering with a witness. Ely is charged also with one count of subscribing to a false tax return. Beginning in May 1998 and continuing through mid 2000, Ely and Bygum allegedly conspired and paid kickbacks to Carl D. Fenstermacher, former project manager for Dames & Moore, Incorporated, Los Angeles, CA. Fenstermacher, as a Dames & Moore employee, had oversight of 14 DoD contracts. Ely, Bygum and Fenstermacher allegedly agreed to submit a false \$66,000 contract modification to Dames & Moore in conjunction with a DoD contract FCS had at the Pearl Harbor Naval Base in Hawaii. In return, FCS allegedly paid about \$26,000 in kickbacks to Fenstermacher. The FCS allegedly paid the kickbacks in the form of payments to third parties for improvements on Fenstermacher's home in Fallbrook, CA. The kickback payments

were believed to have been passed on to the Government through Dames & Moore's DoD contracts. Fenstermacher has pled guilty and is awaiting sentencing. To date, five individuals involved in this alleged kickback scheme had pled guilty. Losses are estimated to exceed \$500,000. The Western FO is conducting the investigation with the U.S. Army Criminal Investigation Command (USACIDC) and the Internal Revenue Service (IRS).

### **Identity Theft**

On April 17, 2002, Robert Lee Jones was arrested on suspicion of identity theft and using a false Social Security Number. Between November 1999 and October 2001, Jones allegedly assumed the Social Security Numbers of four different people, as well as representing himself as a major with the Department of the Army. Through several alleged fraudulent schemes, Jones obtained a 2001 Nissan crew cab truck, a 2002 Mercedes Benz ML320 automobile and a 2002 Jaguar S-Type automobile. A query of the Defense Eligibility and Enrollment Reporting System [DEERS] database reflects that Jones currently has no active, reserve or dependent affiliation with any U.S. Military Department. A query of the Social Security Administration's database for the identities assumed by Jones

revealed the persons to whom the identities belong. The New Orleans RA is conducting the investigation with the FBI, the Social Security Administration and the Sheriff's Office, St. Tammany Parish, LA.

### **Misprision of a Felony**

On April 18, 2002, an information was filed against Eli Tsatalios, New Orleans, LA, charging him with misprision of a felony. Tsatalios is a co-owner of Alliance Marine and Industrial Repair, Inc. (Alliance), Chalmette, LA. Alliance performed as a subcontractor for Bay Ship Management, Inc. (Bay Ship), Englewood Cliffs, NJ, a U.S. Government prime contractor. Tsatalios allegedly was aware that his two business partners paid kickbacks to a former Bay Ship employee in exchange for favorable treatment in the awarding of subcontracts for repair work aboard U.S. naval ships operated by Bay Ship. Bay Ship had multiple contracts, valued in excess of \$200 million, with the U.S. Navy Military Sealift Command (MSC) to provide management, personnel, operational and technical support to operate and maintain several MSC ships. The primary mission of the MSC is to provide sea transportation of equipment, supplies and ammunition to sustain the U.S. military forces during peacetime and war. The New Orleans RA is conducting the

investigation with the FBI and the Naval Criminal Investigative Service (NCIS), and with audit assistance from the Defense Contract Audit Agency.



### **Larceny**

On April 30, 2002, a criminal complaint was filed against Payoaw Alamaraz, Emma Jean Evans, Florance Louise Ford, Lawadee Haacker, Malee Hurlburt, Precilla Rana Martinez, Marty Asug Andrus, Anthony Meno, Leim Orgill, Raymond Roberson, Emmaline C. Wallace, and Gloria Beatrice Washington for allegedly committing petit larceny against the U.S. Government. The investigation disclosed that the above named individuals allegedly acted in concert with one another to commit consistent and sustained acts of larceny by stealing miscellaneous grocery items totaling in excess of \$1,000. The alleged offenses were committed during the course of their association with the Defense Commissary Agency (DeCA), which employed them or retained them as independent contractors at the Nellis Air Force Base, NV, Commissary. The DeCA is a DoD agency that operates com-

missaries to sell consumer goods to active duty military personnel, retirees, and their dependents. The Phoenix RA, is conducting the investigation jointly with the Air Force Office of Special Investigations (AFOSI).

### **Embezzlement**

On April 15, 2002, Edward C. Byrd, Chatham, NJ, pled guilty to a one-count criminal information charging him with theft or embezzlement from an employee benefits plan. Byrd converted to his own use benefits paid by the DFAS to Robert J. Byrd, his deceased father. Between May 1997 and June 2001, Byrd received \$41,564 in DoD pension fund disbursements payable to his father. The Northeast FO conducted the investigation.

### **Causing False Claims**

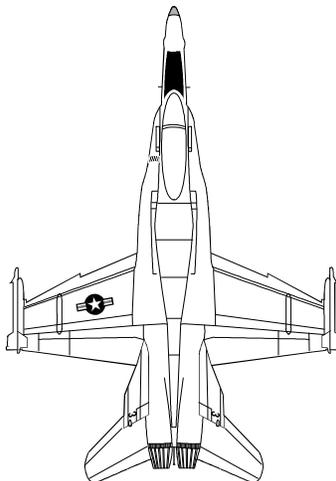
On April 16, 2002, David M. Waddell, former plant manager, Strandflex, a division of Maryland Specialty Wire, Incorporated, Oriskany, NY, pled guilty to causing customers of Strandflex to make false claims to the National Aeronautics and Space Administration (NASA) and the DoD. Waddell falsely certified to Strandflex customers that the aircraft control cable Strandflex manufactured conformed to MIL-SPEC 83420, when, in fact, he knew the company did not possess the test equipment necessary to conduct certain required quality conformance tests. The investigation also revealed

that Strandflex used an unapproved aircraft cable lubricant in manufacturing aircraft control cable pursuant to the MIL-SPEC. The noncompliant aircraft control cable was sold to the DoD, the NASA, several commercial airlines and to Federal Aviation Administration (FAA) certified aircraft repair stations. In addition, the investigation determined that Strandflex aircraft control cable was installed in the one and two engine control positions (engine start cable and engine throttle cable) on Air Force Two. This aircraft was grounded on August 6, 1999. Replacement aircraft control cable was ordered from another company and then installed before the aircraft was permitted to fly. Air Force Two transports the Vice President and other high-ranking U.S. Government officials. The false claims submitted by Waddell resulted in a loss to the DoD of approximately \$38,000. The Syracuse RA conducted the investigation with the NASA and the DOT.

### Mail Fraud

On April 24, 2002, James R. Baker, Newburyport, MA, and Test Lab N.A., Inc. (Test Lab), Woburn, MA, entered guilty pleas to charges of mail fraud. Baker, president of Test Lab, pled guilty to 36 counts of mail fraud; Test Lab pled guilty to 9 counts of mail fraud. An investigation disclosed that Test Lab did not test, in whole or in part, many of the items it received while certifying that testing had been performed according to Government

contract specifications. The scheme originated with Testing Lab of North America, Incorporated, which had previously operated an identical business in the same location and began the nontesting practices in the early 1980s. When Test Lab took over the business, the fraudulent billing practices initially stopped; however, several months later, when profits declined, the company resumed the fraudulent scheme. The tests included, among other things, burn-in and acceleration tests. As part of the scheme, Test Lab employees would randomly select parts and designate them as having failed to convince customers that testing had been performed. Test Lab received parts intended for many different uses, including military applications. Test Lab's customers included Government contractors such as McDonnell Douglas, Boeing and Raytheon. The Boston RA conducted the investigation with the FBI and the NASA.



## Sentences

### Fraud

On April 5, 2002, John J. DiMattei, president of Mohawk Aviation (Mohawk), Fort Lauderdale, FL, was sentenced to 12 months confinement, 24 months probation, restitution of \$19,100, a \$10,000 fine, and a \$100 special assessment fee. As part of his probation, the Court ordered that DiMattei not work on any aircraft parts and shall submit to personal and residential searches at any time. DiMattei previously pled guilty to one count of fraud involving aircraft or space vehicle parts. This is the first time a DoD contractor was successfully prosecuted under this new congressional law. The FAA issued a Suspected Unapproved Parts Notification alleging that Mohawk supplied an "FMS 800 Relay Switching Unit" (switching unit) with a Mohawk serviceable tag that certified the switching unit by using the FAA license number of a Farmingdale, NY, company. Mohawk is not approved to repair any aircraft part, including the switching unit. An investigation determined that Raytheon Aerospace Company (Raytheon), Madison, MS, was repairing four switching units, under a U.S. Navy contract. Raytheon subcontracted repair of the units to Internav Corporation (Internav). Internav had two offices: Internav-New York

and Internav-Florida. Internav-New York had the FAA certification to repair the switching units. Internav-Florida had no repair authority. Internav dissolved in January 2001. Internav-New York became Sonaer. DiMattei, former president of Internav-Florida, changed its name to Mohawk. DiMattei made Raytheon believe that Mohawk had the authority to certify the switching units and informed Raytheon that Mohawk would complete all Internav work. The investigation further determined DiMattei certified that printed circuit boards were replaced in the switching units, when a subsequent Sonaer report disclosed that the original printed circuit boards were still in the switching units. These switching units were installed in C9A military hospital aircraft known as the "Nightingale." The switching units allow the C9A military aircraft to upgrade flight management systems that include global positioning satellite navigational capability. The Fort Lauderdale POD conducted the investigation with the FBI and the DOT.

### **Theft**

On April 10, 2002, David Wayne Eccard, Baton Rouge, LA, was sentenced to 30 months confinement, 3 years supervised release; to pay restitution of \$581,997 and a \$100 special assessment fee. Eccard was previ-

ously convicted of theft of Government funds. As former director of the Defense Automated Printing Service (DAPS), New Orleans, LA, Eccard used his privately owned business to make \$310,410 in fraudulent charges to Government credit cards held by his subordinates. Eccard wire transferred the funds into his personal business account, Diversified Automated Printing Service (Diversified). In addition, Eccard embezzled \$271,587 in Government funds by allowing other businesses to make fictitious charges to the Government credit cards and then dividing the proceeds with Eccard. Eccard also deposited checks intended for DAPS into Diversified's account. The New Orleans RA conducted the investigation with the NCIS.

### **False Claim**

On April 12, 2002, Yolanda Marcia Tucker, an administrative assistant with the Defense Protective Service (DPS), the civilian police force at the Pentagon, was sentenced to 36 months supervised probation (the first 6 months home detention) and to pay full restitution of \$40,123.81 (to be paid over 3 years). Tucker pled guilty to one count of making a false claim to the U.S. Government. From January 1997 through December 2000, Tucker, a GS-7 with the DPS Training Section, claimed

compensation totaling \$41,123.81 for overtime hours she did not work. Tucker would project overtime and weekend hours to work in advance of the pay period, submit the hours to the DPS Records and Compensation Section, not work the projected overtime, but collect the overtime pay. The Baltimore RA conducted the investigation with the FBI.



### **False Claim**

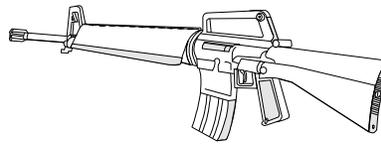
On April 12, 2002, Francy K. Thomson, a social worker from Cooper City, FL, was sentenced to 3 months incarceration, with 2 years supervised probation, and ordered to pay a \$500 fine, a \$100 special assessment fee and \$4,650 restitution. On February 1, 2002, Thomson pled guilty to one count of making a false claim to the U. S. Government. Thomson provided psychiatric services while a contracted overseas partnership program provider with TRICARE at the U.S. Army Health Clinic, Camp Edlerle, Vicenza, Italy. She submitted false claims totaling \$4,650 reflecting patient care that she did not actually provide to TRICARE patients. TRICARE is a federally funded, statutory health bene-

fits entitlement program for the Uniformed Services active duty members and retirees, their families and survivors. The European POD conducted the investigation.

### **Wire Fraud**

On April 16, 2002, John Stephen McHann, owner of Southern Flying Service, Incorporated (SFS), Millington, TN, a FAA certified repair station, was sentenced to 6 months in prison, followed by 6 months house arrest, and 3 years supervised release. A forfeiture of \$165,108 McHann made on March 25, 2002, was upheld. McHann previously pled guilty to two counts of wire fraud, one count of money laundering; and one count of criminal forfeiture. An investigation disclosed that McHann fraudulently obtained DoD property, including aircraft and aircraft parts and components, and converted the property to his own use. McHann fraudulently represented that the property, which included aircraft and aircraft replacement parts and components, would be used by state and local law enforcement agencies. Through SFS, McHann sold aircraft parts and helicopters. The SFS also provided contract aviation services to the State of Arkansas for a State marijuana eradication program funded by the Drug Enforcement Administration. The DoD, through the Defense

Logistics Agency, makes surplus property available to law enforcement agencies for use in law enforcement missions. McHann, acting on behalf of the Mississippi County Sheriff's Department (MCSD), Osceola, AR, obtained helicopters and helicopter spare parts in excess of those needed to maintain and operate the MCSD's helicopter. McHann subsequently sold some of the parts for his personal benefit. The Southwest FO conducted the investigation with the Defense Logistics Agency and the IRS.



### **Theft**

On April 18, 2002, John R. McDole was sentenced to 6 months home confinement, followed by 1 year of probation, ordered to pay a \$1,000 fine and a \$25 special assessment fee. McDole previously pled guilty to one count of theft of Government property. An investigation disclosed that McDole stole an M-16A1 rifle from the Defense Depot Susquehanna Pennsylvania, New Cumberland, PA, where he served as a police officer. The Northeast FO conducted the investigation with the USACIDC and the Bureau of Alcohol, Tobacco and Firearms.

### **False Statements**

On April 19, 2002, Lucille Core, former sales store checker for the DeCA, Fort Myer, VA, was sentenced to 2 years probation and ordered to pay a \$100 special assessment. Core previously pled guilty to making false statements to the Government. On October 22, 1999, Core was fired from her position with the Fort Myer Commissary, Fort Myer, VA. She subsequently filed an Equal Employment Opportunity complaint against DeCA alleging discrimination on multiple grounds in connection with her discharge. In addition, Core filed a civil suit against the United States. The investigation confirmed that during a sworn deposition in connection with her civil suit, Core provided false testimony. The Mid-Atlantic FO conducted the investigation jointly with the FBI.

### **Theft**

On April 23, 2002, Joseph W. O'Dell pled guilty to a one-count information charging theft and conversion of public funds. He was ordered to pay restitution of \$3,615.10 and placed on 6 months probation. O'Dell was a property and disposal officer for the U.S. Army Corps of Engineers, Albuquerque, NM. O'Dell diverted electronic funds through the DFAS from a bank account in North Carolina to an account in Albuquerque, NM, that he controlled. The funds were

intended for a retired Navy captain. The Albuquerque POD conducted the investigation.



### **Conspiracy**

On April 25, 2002, Christopher Coleman, Gibsonville, NC, a sales representative for Indigo Laser Corporation, a Johnson & Johnson subsidiary, was sentenced to 3 years probation, a \$14,093 fine and a \$100 special assessment. Coleman previously pled guilty to conspiracy in connection with a violation of the prescription drug-marketing act (unlicensed wholesaling of prescription drugs). This sentence is the result of an ongoing investigation into pharmaceutical drug diversion, kickback payments, false claims and mail fraud between and by physicians, pharmaceutical drug representatives, and pharmaceutical drug wholesalers. The drug Lupron, an oncology pharmaceutical normally prescribed for prostate cancer patients, was diverted by physicians, with assistance from Coleman, to circumvent federally-controlled pricing markets for profit. This diversion actually lowered the acquisition cost of

the pharmaceutical. The cost savings was not reflected in health care claims submitted for reimbursement to TRI-CARE (the DoD health benefits program for military dependents, retired military personnel and their dependents, and survivors of military personnel), Medicare and private health insurance carriers. Coleman received kickback payments for his efforts in the scheme. The Hartford RA conducted the investigation with the FBI, the U.S. Food and Drug Administration, the Department of U.S. Health and Human Services, and the U.S. Postal Inspection Service.

### **Kickbacks**

On April 25, 2002, John W. DeMeritt, former site manager for Lear-Siegler, Incorporated, Oklahoma City, OK, was sentenced in U.S. District Court, San Antonio, TX, to 5 years supervised probation and ordered to pay \$15,000 restitution. DeMeritt previously pled guilty to conspiracy to pay kickbacks, violating the Anti-Kickback Act, and mail fraud relating to schemes designed to defraud the DoD and the Kingdom of Saudi Arabia. DeMeritt accepted kickbacks from Am-Ar International (Am-Ar), Louisville, KY, a DoD subcontractor that sold parts kits at grossly inflated prices to the Royal Saudi Air Force under the Foreign Military Sales (FMS) program. The FMS program is a DoD effort to provide friendly foreign nations access to military material from U.S. suppliers. Am-

Ar formed several bogus distributorships that created the illusion of adequate competition and concealed the grossly inflated prices of the parts kits. Am-Ar also paid kickbacks to DeMeritt to secure his cooperation in allowing the sales to go forward without sufficient review that would have detected the inflated prices. The Dayton RA conducted the investigation with the FBI and the IRS.

### **Kickbacks**

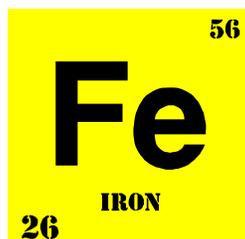
On April 26, 2002, Michael A. Parkes, a former manager for Dames & Moore, Inc., Tacoma, WA, a DoD contractor, was sentenced to 1 month incarceration, 5 months home confinement, 3 years probation, \$50,000 restitution to be paid to URS Corporation (formerly Dames & Moore) and a \$100 special assessment. Parkes previously pled guilty to accepting kickbacks, a violation of the Anti-kickback Act. An investigation disclosed that from May 1997 through December 1998, Parkes, a prime contractor employee, accepted kickbacks in the form of monetary payments totaling \$50,000 from Carl Fenstermacher, his Dames & Moore supervisor, and Dan Nobel, owner of Certified Cleaning Services, a subcontractor. Fenstermacher was recently convicted on related charges in the Western District of Washington and the Central District of California, respectively. Dames & Moore held a prime contract to clean fuel tanks on military bases. In return for kickback payments to Parkes, Certified Cleaning Services received favorable treatment in the award of

Government subcontracts from Dames & Moore. It is believed these costs were ultimately passed on to the DoD. The Seattle RA conducted the investigation with the USACIDC and the IRS.

### Mail fraud

On April 29, 2002, Miguel A. Garcia, a former DoD police officer, previously assigned to the U.S. Army Military Ocean Terminal, Bayonne, NJ (MOTBY), and Fort Monmouth, NJ, was sentenced to 12 months and 1 day incarceration, 2 years supervised release, a \$210 special assessment and restitution to be decided at a later date. Garcia previously pled guilty to one count each of mail fraud; selling and possessing badges and other insignia of the design prescribed by the head of a department and agency of the United States; and using, affixing and impressing fraudulently made forged, counterfeit, mutilated and altered seals of department and agencies of the United States. An investigation determined that Garcia was in possession of scores of parking placards bearing the seals and insignias of various U.S. departments and agencies, including those of the DoD. He also possessed equipment and materials for manufacturing and laminating official-looking parking placards and was involved in the sale of two U.S. Marshals Service shields, and twice made false

statements to investigating agents concerning that sale. In light of the security precautions since September 11, 2001, there is a continued concern that the parking placards Garcia produced could allow unauthorized individuals to park vehicles in the vicinity of or gain access to Government offices and courthouses. Garcia created the "Federal Officer's Police Benevolent Association" (FOPBA), a fraternal organization that targeted the solicitation of dues from "Associate Members" (individuals associated with the medical professions, the clergy, corporations and other law enforcement support groups). The FOPBA supposedly supported law enforcement scholarships, youth programs and other law enforcement projects and causes. Instead, Garcia used the dues for his personal expenses and cash withdrawals. The New York RA conducted the investigation in conjunction with the Law Enforcement Integrity Unit of the U.S. Attorney's Office, Southern District of New York, the FBI, and the New York State Commission of Investigation.



## Civil Settlements

### Theft

On April 1, 2002, Metech International, Inc. (Metech), formerly known as Boliden Metech, entered into an agreement with the U.S. Attorney's Office, District of Connecticut. Metech agreed to pay \$12,100,890 as part of a civil settlement resulting from the theft of precious metals being recovered under DoD contracts. Various schemes were devised that resulted in the theft of precious metals from Metech, a DoD contractor, and its commercial customers. Diversion of these metals generated cash that was used, in part, to pay kickbacks to a DoD contractor employee who worked in Connecticut. The kickbacks were made in return for favorable settlements relative to the processing of precious metals scrap. In addition to the civil settlement, the following key officers of Metech were convicted and sentenced: former company president, former plant manager, former vice president of marketing and sales, and former settlement director. All were ordered to pay substantial fines. The Hartford RA conducted this 5-year investigation with the NCIS.

### **Contractual Responsibility**

On April 8, 2002, a \$310,000 civil settlement agreement was reached between UXB International, Inc. (UXB), and the U.S. Government. In addition, UXB agreed to remedy potential areas of ordnance and explosive contamination identified by the Government's investigation relating to a contract for the removal of ordnance and explosives from land at Bellows Air Force Station (BAFS), Waimanalo, HI. The contract was funded by the U.S. Air Force and administered by the U.S. Army Corps of Engineers. It was alleged that UXB failed to properly clear the ordnance and explosives, and improperly used heavy equipment for grading purposes. An investigation determined that heavy equipment was used extensively throughout the BAFS site to grade areas prior to the use of metal detection equipment by UXB personnel. This compromised areas of the project by burying the ordnance and explosives beneath the clearance depth specified in the contract. Former employees also reported that UXB employees orchestrated a scheme to circumvent the Government's inspection process. The Hawaii POD conducted the investigation with the FBI, the USACIDC and the AFOSI.

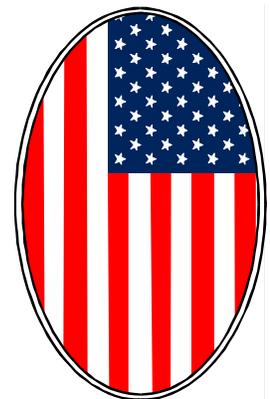
### **Qui Tam**

On April 12, 2002, the Caval Tool Division of the Chromalloy Gas Turbine Corporation (Chromalloy), Newington, CT, reached a \$150,000 settlement with the Department of Justice to settle issues raised in a *qui tam* suit filed by a former Chromalloy employee. The suit alleged that Chromalloy knowingly falsified test documents pertaining to aerospace parts, including parts used in military aircraft. The scheme involved balancing operations that were to be performed by a certified balancing operator. When the in-house certified inspector was disabled due to injury, Chromalloy continued to certify parts by using a balancing trainee. Test documents were then prepared using the inspection stamp of the injured certified balancer. The relater will receive \$30,000 of the settlement amount. The Hartford RA conducted the investigation with the NASA.

### **Labor Hours**

On April 22, 2002, Lockheed Martin Services, Incorporated (Lockheed), Falls Church, VA, agreed to a civil settlement, in lieu of filing a civil complaint, and will pay the U.S. Government \$530,000 to settle claims that Lockheed overcharged the DoD. Lockheed did not concede to any wrongdoing.

Between October 1, 1998 and November 19, 2001, Lockheed billed the National Imagery and Mapping Agency (NIMA), Bethesda, MD, for information technology services it provided to NIMA under contract. An investigation revealed that approximately 23 Lockheed employees working on the contract did not meet the minimum qualifications for their positions. Consequently, Lockheed charged and billed NIMA a higher hourly rate for the employees than was allowed. The Mid-Atlantic FO conducted the investigation jointly with the FBI and the OIG, NIMA.





*To report suspected criminal activity involving the Department of Defense please contact the nearest Defense Criminal Investigative Service office.*

Phoenix, AZ  
Comm: (602) 379-4422  
Telefax: (602) 379-4438  
E-Mail: 30px@dodig.osd.mil

Long Beach, CA  
Comm: (562) 980-4242  
Telefax: (562) 980-4249  
E-Mail: 50es@dodig.osd.mil

Mission Viejo, CA  
Comm: (949) 643-4441  
Telefax: (949) 643-4769  
E-Mail: 50la@dodig.osd.mil

Sacramento, CA  
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E-Mail: 50sm@dodig.osd.mil

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E-Mail: 50sd@dodig.osd.mil

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