



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, JULY 29, 2008
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AT
(202) 514-2007
TDD (202) 514-1888

TWO DEPARTMENT OF DEFENSE CONTRACTORS PLEAD GUILTY TO CONSPIRACIES INVOLVING FUEL SUPPLY CONTRACTS

WASHINGTON — Two U.S. Department of Defense (DOD) contractors, both U.S. citizens who previously lived in Prague, Czech Republic, pleaded guilty today to various conspiracy charges related to their business of providing fuel supply services to the DOD, the Department of Justice announced today.

Paul Wilkinson and Christopher Cartwright, who were scheduled to begin trial today, entered into plea agreements filed in the U.S. District Court in Baltimore.

Wilkinson pleaded guilty to conspiring to defraud the United States, to commit wire fraud, and to steal trade secrets by hiring another individual, Matthew Bittenbender, to steal those trade secrets from his employer, Avcard. Avcard is a division of Kropp Holdings Inc., a Hunt Valley, Md., company which provides fuel and fuel services to commercial and government aircraft. Wilkinson used the inside information to underbid Avcard at every location where the companies were bidding against each other, thereby subverting DOD's competitive bidding procedures.

Cartwright pleaded guilty to conspiring to commit wire fraud by defrauding Avcard of the honest services of its employee, Bittenbender. Bittenbender pleaded guilty in May 2008 for his role in the conspiracy. Avacard ultimately lost each of the contested bids.

The sentences for Wilkinson and Cartwright will be determined by the court.

“We will aggressively investigate and prosecute those who try to cheat the competitive process and attempt to thwart the efforts of the Department of Defense to obtain necessary goods and services, such as aviation fuel, at competitive prices,” said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division.

In December 2007, Wilkinson and Cartwright were originally charged in a three-count indictment in U.S. District Court in Baltimore. Two other companies, Aerocontrol Ltd., an Isle of Man-based company owned by Wilkinson and Cartwright, and another affiliated company, Prague, Czech Republic-based Far East Russia Aircraft Services Inc. (FERAS), were also indicted at that time. Today's plea agreements with Wilkinson and Cartwright resolve the Department's charges against them. The charges against Aerocontrol and FERAS are pending.

Aviation fuel is obtained by the DOD through the Defense Energy Support Center (DESC) which lets contracts for a variety of products. The fuel contracts service military and DOD civilian aircraft which is delivered worldwide to locations including airports throughout Asia and Eastern Europe, Baku, Azerbaijan, and Bagram Airfield, Afghanistan.

Wilkinson pleaded guilty to conspiring to defraud the United States, a violation that carries a maximum sentence of five years of imprisonment and a fine of \$250,000 for an individual; and conspiring to steal trade secrets, a violation of which carries a maximum sentence of 10 years imprisonment and a fine of \$250,000. Wilkinson and Cartwright each pleaded guilty to conspiring to commit wire fraud, a violation of which carries a maximum sentence of 20 years imprisonment and a fine of \$250,000 for an individual. The fines could be increased to twice the gain from the offense or twice the loss incurred by the victims.

“Individuals who abuse the federal procurement system by engaging in anticompetitive conduct undermine the principles of free and open competition our nation was founded upon,” said James R. Ives, Special Agent in Charge of the Defense Criminal Investigative Service’s Mid-Atlantic Field Office. “Illicit activity of this nature is especially deplorable given the fact that the contracts at issue sustain crucial overseas military operations supporting the Global War on Terrorism. The Defense Criminal Investigative Service is committed to working with the Department of Justice to ensure criminals who engage in anticompetitive business practices are prosecuted to the fullest extent of the law.”

Today’s charges are an example of the Department’s commitment to protect U.S. taxpayers from public procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative announced in October 2006 is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

The investigation is being conducted by the Antitrust Division’s National Criminal Enforcement Section and the Defense Criminal Investigative Service. Anyone with information concerning illegal conduct in the procurement of fuel or fuel services by DOD is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694 or the Baltimore Resident Agency of the Defense Criminal Investigative Service at 410-347-1625.

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