

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

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For Immediate Release

NEWS RELEASE SUMMARY - July 11, 2007

United States Attorney Karen P. Hewitt announced that retired Rear Admiral Jose Luis Betancourt, Jr., pled guilty today in federal court in San Diego before United States Magistrate Judge Nita L. Stormes to an Information charging him with a misdemeanor violation of Title 18, United States Code, Section 207(c) - Prohibited Representation of Private Party by Former Government Employee before Former Employing Agency. Judge Stormes sentenced Betancourt to pay a \$15,000 fine and to serve one year of probation.

According to court records, in October 2005, Betancourt retired from his active-duty position of Commander, Navy Region Southwest, United States Navy. In November 2005, he signed a consulting agreement with Access Systems, Inc. Access Systems was a member of The Accela Group, a joint venture formed for the specific purpose of bidding on Systems Engineering and Technical Assistance ("SETA") contracts with the Space and Naval Warfare ("SPAWAR") Systems Center - New Orleans. In December 2005, The Accela Group named Betancourt as Chairman of The Accela Group's Management Board.

As part of his guilty plea today, Betancourt admitted that in February 2006 he signed The Accela Group's contract proposal to provide approximately \$300 million in SETA support services to SPAWAR.

In the proposal, Betancourt identified himself as a person authorized to negotiate with the Navy on The Accela Group's behalf. As part of his plea, Betancourt further admitted that he knew, and intended, that the contract proposal would be delivered to SPAWAR Command in San Diego--the SPAWAR office responsible for awarding the SETA contract. Betancourt also admitted that he signed the contract proposal and an accompanying cover letter with the intent to influence SPAWAR's awarding of the SETA contract.

According to Assistant United States Attorney William P. Cole, who prosecuted the case, Title 18, United States Code, Section 207(c) is a federal conflict-of-interest law often known as the one-year "cooling off" period. The law forbids certain former senior officers of the executive branch of the United States, such as Betancourt, from representing other persons or entities before their former employing department or agency within one year of the officer's retirement. SPAWAR officials in San Diego detected Betancourt's conflict of interest shortly before the SETA contract was to be awarded and, as a result, The Accela Group was eliminated from consideration.

United States Attorney Hewitt stated, "Prior to his retirement, Rear Admiral Betancourt was one of the most senior Navy officers in San Diego. The public deserves to know that the awarding of defense contracts is not based, in any way, on the influence that may be wielded by a recently retired military officer."

FBI Acting Special Agent in Charge Kathy D. Leodler commented, "The process by which an organization is awarded a government contract is one that should be handled with the utmost care and diligence. The ideal of the American people to have faith and assurance in the prudent handling of their government's affairs should not be taken for granted."

DEFENDANT

Criminal Case No. 07CR 1816-L

Jose Luis Betancourt, Jr.

SUMMARY OF CHARGE

Title 18, United States Code, Section 207(c) - Prohibited Representation of Private Party by Former Government Employee Before Former Employing Agency (Misdemeanor); Maximum penalties: One year in prison and a \$100,000 fine.

PARTICIPATING AGENCIES

Naval Criminal Investigative Service, Department of Defense
Federal Bureau of Investigation