



Department of Justice

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Department of Defense Contractors Arrested and Charged with Conspiring to Steal Information on Fuel Supply Contracts

Two Contractor Firms and Third Individual Also Charged

WASHINGTON — Two Department of Defense contractors were arrested in New York City on Jan. 6, 2008, and charged with conspiring to steal information relating to U.S. Department of Defense (DOD) contracts to supply fuel to DOD aircraft worldwide, the Department of Justice announced today. Two contractor firms and a third individual are also charged with participating in the conspiracies.

In a three-count indictment returned on Dec. 5, 2007, and unsealed today in U.S. District Court in Baltimore, Christopher Cartwright and Paul Wilkinson were charged for their roles in the conspiracies. Along with Cartwright and Wilkinson, two affiliated companies – Prague, Czech Republic-based Far East Russia Aircraft Services Inc. (FERAS) and the Isle of Man-based Aerocontrol LTD – were also charged in the indictment. FERAS also has an office in Houston. Cartwright and Wilkinson are U.S. citizens who have been living in Prague. A separate charge was filed today in U.S. District Court in Baltimore against a third individual, Matthew Bittenbender, alleging the same criminal conduct. Bittenbender resides in Baltimore. The Department said the conspiracies took place from about February 2005 to about July 2006.

“These cases demonstrate that we will aggressively investigate and prosecute those who attempt to derail the efforts of the Department of Defense to obtain essential 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.

According to the indictment, Cartwright, Wilkinson, FERAS and Aerocontrol conspired with Bittenbender to defraud the United States, commit wire fraud and steal trade secrets. Bittenbender was a former senior contract fuel manager at Avcard, a division of Kropp Holdings LLC, a Hunt Valley, Md., company which provides fuel and fuel services to commercial and government aircraft. Bittenbender is charged with taking confidential bid data and other proprietary information related to fuel supply contracts with DOD from Avcard, and selling that information to competitors Cartwright, Wilkinson, FERAS and Aerocontrol. In return, Bittenbender received cash payments and a percentage of the profit earned on the resulting fuel supply contracts awarded by DOD. According to the charges, Cartwright, Wilkinson, FERAS and Aerocontrol subsequently used that illegally obtained information to bid against Avcard at every location where the companies were bidding head-to-head, thereby subverting DOD’s competitive bidding procedures for fuel supply contracts. Ultimately, the indictment alleges, Avcard lost each of the contested bids, and DOD was deprived of its right to competitive bids.

Aviation fuel is obtained by the DOD through the Defense Energy Support Center (DESC) which lets contracts for a variety of products including aviation fuel. Aviation fuel procured by the DESC is delivered worldwide to locations, including Croatia, Bulgaria, and Bagram, Afghanistan.

“Investigating corruption within the Defense Department and fraudulent contracting practices directed at the DOD is a priority for the Defense Criminal Investigative Service (DCIS), and this case demonstrates that DCIS will expend the resources to investigate these sorts of allegations, no matter if the subjects are in the United States or abroad,” said C.R. Gillum, Resident Agent in Charge for DCIS in Baltimore.

A violation of defrauding the United States carries a maximum sentence of five years of imprisonment and a fine of \$250,000 for an individual, and a fine of \$500,000 for a corporation. A violation of conspiracy to commit wire fraud carries a maximum sentence of 20 years of imprisonment and a fine of \$250,000 for an individual, and a fine of \$500,000 for a corporation. A violation of conspiring to steal trade secrets carries a maximum sentence of 10 years of imprisonment and a fine of \$250,000 for an individual, and a fine of \$5 million for a corporation. The maximum fines may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today’s charge is 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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