

# NEWS RELEASE

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## **ARMY CHIEF WARRANT OFFICER CHARGED WITH TAKING BRIBE TO INFLUENCE FOOD SERVICES SUPPLIES CONTRACT**

ROCK ISLAND, IL – Charges against a United States Army Chief Warrant Officer were unsealed in U.S. District Court in Rock Island, Illinois today, as announced by Rodger A. Heaton, U.S. Attorney for the Central District of Illinois. Peleti Peleti Jr., also known as “Pete,” age 39, currently stationed in Hawaii, is charged by information with receiving a \$50,000 bribe and smuggling cash into the U.S. in December 2005. Peleti’s initial appearance in federal court was held today in Rock Island, and he was released on \$100,000 bond. A further hearing in the case has been scheduled for February 9, 2007, in Rock Island, before U.S. District Judge Michael M. Mihm.

Peleti was serving as the Army’s Theater Food Service Advisor for Kuwait, Iraq and Afghanistan, and was stationed at Camp Arifjan in Kuwait, when the information alleges he received a \$50,000 cash bribe in December 2005. The bribe was allegedly an effort to influence Peleti to steer an Army contract for food service supplies, including paper products and plastic flatware, from the existing government contractor to a Kuwaiti company. Peleti is also charged with smuggling \$40,000 cash in his clothing and luggage from Kuwait City to Dover, Delaware, on or about December 14, 2005. The information also seeks forfeiture of items purchased with the money Peleti allegedly received.

At the time of the alleged offense, according to the information, Peleti’s duties included monitoring Army food service contracts in Kuwait, Iraq and Afghanistan, including acquisition and distribution of food and related food service supplies at Army bases and camps. The Army’s food service contracts were being provided to the Army by Kellogg, Brown and Root Services, Inc., under KBR’s prime contract with the U.S. Army known as LOGCAP III.

LOGCAP (Logistics Civil Augmentation Program) is a U.S. Army program that uses civilian contractors to support the logistical needs of the U.S. military forces. In December 2001, the LOGCAP III prime contract was awarded to KBR by the U.S. Army Operations Support Command, with headquarters at the Rock Island Arsenal in Rock Island, Illinois, and was administered by the Army Field Support Command, also at the Rock Island Arsenal.

The maximum statutory penalty for receiving a bribe is 15 years in prison and a fine of \$250,000. For bulk cash smuggling into the U.S., the maximum penalty is five years in prison and a fine of up to \$250,000.

(More)

In October 2006, Deputy Attorney General Paul J. McNulty announced the formation of a National Procurement Fraud Task Force 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 Procurement Fraud Task Force, chaired by Assistant Attorney General Fisher, includes the Federal Bureau of Investigation, the U.S. Inspectors General community, the Executive Office for United States Attorneys and others.

Law enforcement agencies participating in the investigation include: the Federal Bureau of Investigation, Springfield Division; the Internal Revenue Service Criminal Investigation Division, Chicago Field Office; the Defense Criminal Investigative Service, Central Field Office, St. Louis, Missouri; and the U.S. Army Criminal Investigation Command, North Central Fraud Field Office, Detroit, Michigan.

The case is being prosecuted by Jeffrey B. Lang, Supervisory Assistant U.S. Attorney, Rock Island Division; Gregory R. Walters, Assistant U.S. Attorney, Peoria Division; and, John Michelich, Senior Trial Attorney, Criminal Division, Fraud Section, U.S. Department of Justice.

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