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FORMER DOD CONTRACTOR SENTENCED IN CASE INVOLVING BRIBERY, FRAUD AND MONEY LAUNDERING SCHEME IN AL-HILLAH, IRAQ

WASHINGTON – A former Department of Defense (DOD) contractor was sentenced to nine years in prison and ordered to forfeit \$3.6 million for his role in a bribery and fraud scheme involving contracts in the reconstruction of Iraq, Assistant Attorney General Alice S. Fisher of the Criminal Division announced today.

Robert J. Stein, 52, of Fayetteville, N.C. was sentenced today in U.S. District Court for the District of Columbia by Judge Colleen Kollar-Kotelly. The judge also sentenced Stein to three years of supervised release.

Stein was arrested in Fayetteville on Nov. 14, 2005, and pleaded guilty on February 2, 2006, to being a felon in possession of a firearm, possession of machine guns, bribery, money laundering, and conspiracy in connection with a scheme to defraud the Coalition Provisional Authority – South Central Region (CPA-SC) in al-Hillah, Iraq.

“Robert Stein will now spend nine years in jail for exploiting his public position and accepting bribes for contracts during the rebuilding of Iraq,” said Assistant Attorney General Fisher. “The Department of Justice will protect the integrity of the federal contracting process by aggressively prosecuting fraud, bribery and other crimes that taint missions as critical as the reconstruction of Iraq.”

Stein admitted to participating in a complex bribery, fraud and money laundering scheme while serving as the Comptroller and Funding Officer for the CPA-SC. From December 2003 through December 2005, Philip H. Bloom, a U.S. citizen who owned and operated several companies in Iraq and Romania, Bruce D. Hopfengardner, a Lieutenant Colonel in the U.S. Army Reserves, and numerous public officials, including several high-ranking U.S. Army officers, conspired to rig the bids on contracts being awarded by the CPA-SC so that all of the contracts were awarded to Bloom. In return, Bloom provided the public officials with over \$1 million in cash, SUVs, sports cars, a motorcycle, jewelry, computers, business class airline tickets, liquor, future employment with Bloom, and other items of value.

In addition, Bloom laundered over \$2 million in currency that Stein and his co-conspirators stole from the CPA-SC that had been designated to be used for the reconstruction of Iraq. Bloom then used his foreign bank accounts in Iraq, Romania and Switzerland to send the stolen money to Stein, Hopfengardner and other public officials in return for the awarded contracts. In total, Bloom received over \$8.6 million in rigged contracts.

During the course of the conspiracy, Stein and other co-conspirators stole U.S. currency and funneled those funds to Bloom in order to purchase illegal controlled weapons which they converted to their own personal use in the United States, including assault rifles, silencers, and grenade launchers.

Stein has cooperated with the government's ongoing investigation.

On March 10, 2006, co-conspirator Bloom, pleaded guilty to related charges of conspiracy, bribery and money laundering in connection with the same scheme as Stein. Bloom is scheduled to be sentenced on February 16, 2007.

On August 25, 2006, co-conspirator Hopfengardner pleaded guilty to related charges of conspiracy to commit wire fraud and money laundering in connection with the same scheme as Bloom and Stein. Hopfengardner is scheduled for a status conference on March 23, 2007.

These cases are being prosecuted by Trial Attorneys James A. Crowell IV and Ann C. Brickley of the Public Integrity Section, headed by Section Chief Edward C. Nucci, and Trial Attorney Patrick Murphy and Mark Yost of the Asset Forfeiture and Money Laundering Section of the Criminal Division. These cases are being investigated by the Special Inspector General for Iraq Reconstruction, IRS Criminal Investigations, U.S. Immigration and Customs Enforcement at the Department of Homeland Security (ICE), Army Criminal Investigations Division, the U.S. Department of State Office of Inspector General, and the FBI's Washington Field Office in support of the Justice Department's National Procurement Fraud Task Force and the International Contract Corruption Initiative. The investigation has received substantial assistance from the ICE Cybercrimes Division.

The National Procurement Fraud Initiative was announced by Deputy Attorney General Paul J. McNulty in October 2006, and 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. As part of this initiative, the Deputy Attorney General has created the National Procurement Fraud Task Force, which is chaired by Assistant Attorney General Fisher.

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