



# Department of Justice

FOR IMMEDIATE RELEASE  
MONDAY, JUNE 25, 2007  
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CRM  
(202) 514-2007  
TDD (202) 514-1888

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

WASHINGTON – A former Lieutenant Colonel in the United States Army Reserves was sentenced to 21 months in prison for his role in a conspiracy and money laundering scheme involving contracts in the reconstruction of Iraq, Assistant Attorney General Alice S. Fisher of the Criminal Division announced today.

Bruce Hopfengardner, 46, of Fredericksburg, Va., was sentenced today by Judge Colleen Kollar-Kotelly in U.S. District Court for the District of Columbia. Judge Kollar-Kotelly also ordered the defendant to forfeit \$144,500 and serve a term of three years of supervised release. Hopfengardner has cooperated with the government's ongoing investigation.

Hopfengardner pleaded guilty on Aug. 25, 2006, to conspiracy and money laundering in a scheme to defraud the Coalition Provisional Authority – South Central Region (CPA-SC) in al-Hillah, Iraq. Hopfengardner admitted to participating in a complex fraud and money laundering scheme while on active duty with the U.S. Army assigned to 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, Robert Stein, a former soldier with the U.S. Army assigned to the CPA-SC as a Department of Defense contract employee, 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 slated 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 Hopfengardner, and other public officials in return for the awarded contracts. In total, Bloom received over \$8.6 million in rigged contracts.

On Feb. 16, 2007, co-conspirator Bloom was sentenced to 46 months in prison for related charges of conspiracy, bribery and money laundering for his role in the same scheme. Bloom was also ordered to forfeit \$3.6 million for his role in the bribery and money laundering scheme.

On Feb. 1, 2007, Colonel Curtis Whiteford, Lt. Cols. Debra Harrison and Michael Wheeler, and civilians Seymour Morris Jr. and William Driver were charged in a 25-count indictment for related charges including conspiracy, bribery, money laundering and others in connection with this scheme.

On Jan. 29, 2007, co-conspirator Robert Stein was sentenced to nine years in prison for related charges of conspiracy, bribery and money laundering, as well as weapons possession charges, for his role in the same scheme. Stein was also ordered to forfeit \$3.6 million for his role in the scheme.

These cases are being prosecuted by trial attorneys Ann C. Brickley and John P. Pearson of the Public Integrity Section, headed by Section Chief William Welch, and trial attorney Patrick Murphy of the Asset Forfeiture and Money Laundering Section of the Criminal Division. These cases are being investigated by IRS Criminal Investigations, the Special Inspector General for Iraq Reconstruction, 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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