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**U.S. ARMY CAPTAIN ARRESTED FOR ACCEPTING \$50,000 BRIBE
TO STEER MILITARY CONTRACTS IN IRAQ**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, MARK J. MERSHON, the Assistant Director-in-Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), Brigadier General RODNEY L. JOHNSON, Commanding General of the United States Army, Criminal Investigation Command ("CIDC"), and GEOFFREY CHERRINGTON, the Special Agent-in-Charge of the Mid-Atlantic Field Office of the United States Department of Defense, Defense Criminal Investigative Service ("DCIS"), announced the unsealing of charges against United States Army Captain AUSTIN KEY for accepting a \$50,000 bribe to steer military contracts in Iraq. KEY, 27, of Watertown, New York, was arrested late yesterday. According to the Complaint filed in Manhattan federal court:

In August 2007, KEY was stationed in Baghdad, Iraq as a Field Ordering Officer and a Contracting Officer Representative for the U.S. Army. As a Field Ordering Officer, KEY had authority to purchase supplies for the U.S. Army, and, as a Contracting Officer Representative, KEY oversaw the administration of service and supply contracts awarded by the U.S. Army worth hundreds of thousands of dollars.

In July 2007, KEY approached a confidential informant ("CI"), who is a U.S. citizen who owns a business entity that regularly contracts with the U.S. Army in Baghdad, Iraq, to provide services and supplies. Specifically, KEY demanded \$125,000 from the CI in order to protect the CI's company's ability to obtain future U.S. Army contracts.

After reporting KEY's demands to law enforcement authorities, the CI agreed to meet with KEY again and to allow the conversations to be recorded. During a subsequent meeting on August 11, 2007, KEY told the CI that in exchange for \$50,000, he would give the CI advance, confidential information on contracts so that the CI would be more successful in bidding on U.S. Army contracts. KEY also offered to tell other staff at a U.S. Army contracting office in Baghdad to favor the CI over a particular rival vendor in awarding contracts. KEY told the CI that, in addition to the \$50,000 in cash, he wanted the CI to pay him the approximate equivalent of 5% of any contracts KEY steered to the CI's company. During the meeting, the CI and KEY agreed to meet several days later to exchange the \$50,000 bribe payment.

On August 15, 2007, KEY and the CI had another meeting, during which the CI gave KEY \$50,000 in cash, the amount that had been agreed upon in the August 11 meeting. Law enforcement agents then stopped KEY, as he left the meeting, and recovered the \$50,000 from KEY.

KEY was charged with one count of bribery; he is expected to appear later today in United States Magistrate Court. If convicted, KEY faces a maximum sentence of 15 years' imprisonment and a fine of the greater of \$250,000, or three times the gross gain or loss from the offense.

Mr. GARCIA praised the investigative work of the FBI, CIDC, and DCIS.

In October 2006, former 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 government contracting activity for national security and other government programs. The Procurement Fraud Task Force -- chaired by Assistant Attorney General ALICE S. FISHER for the Criminal Division -- includes United States Attorneys' Offices, the FBI, the U.S. Inspectors General community, and a number of other federal law enforcement agencies. This case, as well as other cases brought by members of the Task Force, demonstrate the Department of Justice's

commitment to helping ensure the integrity of the government procurement process.

This case is being prosecuted by the Public Corruption Unit of the United States Attorney's Office. Assistant United States Attorneys KATHERINE A. LEMIRE and CHRISTINE Y. WONG are in charge of this prosecution.

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