



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, JANUARY 25, 2008
WWW.USDOJ.GOV

CRM
PH: (202) 514-2007
TDD: (202) 514-1888

Former KBR Employee Pleads Guilty in Scheme to Defraud the Department of Defense

WASHINGTON – Wallace A. Ward, 26, of Spring Lake, NC, a former employee of Kellogg, Brown & Root (KBR) who worked at the Bagram Airfield in Afghanistan, pled guilty today in U.S. District Court to conspiracy to receive bribes, make false statements, and file false claims announced Assistant Attorney General Alice S. Fisher of the Criminal Division, and U.S. Attorney Chuck Rosenberg of the Eastern District of Virginia. Judge T.S. Ellis III set sentencing for April 11, 2008. Ward faces a maximum sentence of five years in prison, a fine of \$250,000 and three years of supervised release.

According to court documents, KBR had a contract to provide support services to the U.S. Army at Bagram Airfield, including unloading truckloads of jet fuel delivered by drivers hired by Red Star Enterprises Limited. Between May and September 2006, certain KBR employees conspired to accept payments from drivers, who in fact were selling their fuel to parties outside the airfield, in return for providing the drivers with documents falsely showing that the truckloads of fuel had been delivered to the airfield. Ward admitted to joining the conspiracy in August 2006 and received bribes from several drivers in return for falsifying the paperwork. According to the indictment, more than 80 truckloads of fuel involving more than 784,000 gallons valued at more than \$2.1 million were in fact diverted for sale outside the airfield between May and September 2006.

In October 2006, the National Procurement Fraud Task Force was formed 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 National Procurement Fraud Task Force, chaired by Assistant Attorney General Fisher, includes the U.S. 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, demonstrates the Department of Justice's commitment to helping ensure the integrity of the government procurement process.

This case was investigated by the U.S. Army Criminal Investigative and the Defense Criminal Investigative Service in Virginia. Assistant U.S. Attorney Jack Hanly of the Eastern District of Virginia and Trial Attorney James J. Graham of the Criminal Division's Fraud Section are prosecuting this case on behalf of the U.S.

###

08-066