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NEWS RELEASE

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Paul J. McNulty, United States Attorney for the Eastern District of Virginia, announced that Robert B. Smoot Jr., age 53, of Gloucester, Virginia, and a former employee of NASA, pleaded guilty today in United States District Court in Norfolk, to felony conflict of interest and false statements to federal agents. Smoot's business, Bob's Electric, Inc. also pleaded guilty to conspiracy to commit mail and wire fraud in relation to a NASA contract. Smoot faces a maximum prison term of 8 years, and a fine of \$500,000 when sentenced on November 21, 2005, by United States District Judge Rebecca Beach Smith. Bob's Electric, Inc. faces a fine of \$500,000. Glen A. Osvold, foreman of Bob's Electric, Inc. and the co-defendant, is scheduled for a jury trial on July 18, 2005. Osvold is facing three charges of perjury for lying before the federal grand jury during the investigation of this matter.

Smoot and other conspirators, including Bob's Electric, Inc., Osvold, and others devised a scheme to enter into an illegal government contract under false pretenses. Smoot was prohibited by government regulation from engaging in outside employment with a NASA contractor, subcontractor or grantee in connection with work performed by such an entity for NASA. While Smoot was approving work done by a NASA subcontractor on a NASA contract at Langley, Smoot's business, Bob's Electric, entered into a hidden agreement with Wright Electric. This secret agreement allowed Bob's Electric to work for Wright Electric on a separate contract at NASA Langley. Such an arrangement was a conflict of interest for Smoot and a violation of federal law and regulation.

Paul McNulty said: "Taxpayers deserve honest service from government employees. Prosecuting those who corrupt the government procurement system is a top priority of our office."

Smoot directed his foreman, Glen A. Osvold, to approach the owner of Wright Electric in an attempt to obtain the subcontract for Bob's Electric in the name of Wright Electric. Osvold arranged for Wright Electric to be included as a company that could bid on the work. Using Wright Electric letterhead, Glen A. Osvold (still employed by Bob's Electric), prepared a written bid proposal which was submitted to the government prime contractor.

As a result, Bob's Electric received approximately \$40,000 for the installation of telecommunications cable at a NASA building. Smoot, acting in his official capacity, reviewed and approved work being done by Wright Electric, while Smoot's company performed the installation of the cable.

During the criminal investigation of this matter, agents of the Federal Bureau of Investigation and the NASA Office of Inspector General interviewed Smoot. In one interview Smoot was asked if he or his business had worked directly or indirectly on any other NASA

Langley projects. Smoot falsely claimed that the only work his business had ever conducted at NASA Langley involved the installation of telecommunications cable at a NASA building and about which the interviewing agents were then aware. Investigation subsequently revealed that Smoot's business had in fact worked on at least one other NASA project at NASA Langley.

This case was investigated by the Federal Bureau of Investigation and the NASA Inspector General. Assistant United States Attorneys Howard J. Zlotnick is prosecuting the case for the United States.

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