



Department of Defense  
Office of the Inspector General

# Information Release

---

**FOR IMMEDIATE RELEASE**

**October 4, 2005**

## **Government Transportation Officer Pleads Guilty to Conspiracy to Accept Illegal Gratuities**

The Office of the Inspector General (OIG), Department of Defense (DoD), announced today that on October 4, 2005, Gene B. Boyce, Transportation Officer, Fleet & Industrial Supply Center Detachment, Norfolk Naval Shipyard, Portsmouth, VA, waived indictment and plead guilty in U. S. District Court for the Eastern District of Virginia, Norfolk, VA, to a criminal information charging him with one count of conspiracy to accept illegal gratuities, in violation of Title 18 of the United States Code, Section 371, and one count of accepting illegal gratuities, in violation of Title 18 of the United States Code, 201C (1)(B).

Boyce was hired by the U. S. Government at the Norfolk Naval Shipyard in approximately 1980. He became the Assistant Transportation Officer in approximately 1995, and he was promoted to the position of Transportation Officer in March 2000. His duties as Transportation Officer included providing oversight and guidance to a staff of transportation agents, known as shippers, in the selection of freight forwarding companies to support the military. Boyce was also responsible for the issuance and control of Government freight transportation contracts, known as bills of lading, for the procurement of commercial carrier services for the movement of freight, in accordance with the Defense Transportation Regulations.

From 1999 until September 2004, Boyce admitted accepting various items of value from Air Cargo Expeditors Incorporated (Air Cargo), Virginia Beach, VA, in return for awarding bills of lading from the Norfolk Naval Shipyard. Air Cargo is an independently owned and operated business, which has an independent contractor agreement with AIT Worldwide Logistics Incorporated (AIT), Itasca, IL, to ship freight through AIT's transportation system, while using AIT's name and logo. To ensure the bills of lading were awarded to Air Cargo, Boyce and his employees circumvented the Government transportation regulations that mandate rating and ranking of carriers, through the Global Freight Management, Electronic Transportation Acquisition system to insure "best value" to the Government, and thereby disregarded the competitive requirements of the Government procurement process.

Boyce faces a maximum sentence of five years imprisonment, three years supervised release, a special assessment, full restitution, and a \$250,000 fine for the conspiracy offense; and two years imprisonment, one year supervised release, full restitution, a special assessment, and a \$250,000 fine for the gratuity offense. Sentencing has been scheduled for January 9, 2006.

This investigation is still ongoing. It is being conducted jointly by the Defense Criminal Investigative Service (the criminal investigative arm of the OIG, DoD), the Naval Criminal Investigative Service, and the Federal Bureau of Investigation. Assistant U. S. Attorney, Robert J. Seidel, Jr., of the Norfolk Virginia U. S. Attorney's office, handled the prosecution of this case. Audit support was provided by the Defense Contract Audit Agency.

For further information, contact Joseph A. McMillan, Special Agent in Charge, Mid-Atlantic Field Office at (703) 604-8411.

**To report suspected fraud, waste, and abuse within DoD programs, contact the Defense Hotline toll-free at (800) 424-9098, e-mail: [hotline@dodig.osd.mil/](mailto:hotline@dodig.osd.mil/), or visit them on the World Wide Web at <http://www.dodig.osd.mil/hotline/>.**