



## United States Attorney's Office District of Connecticut Press Release

**August 2, 2006 DOD CONTRACTOR, COMPANY PRESIDENT PLEAD GUILTY**  
*Fiber optic connector supplier falsified tests; President evaded taxes*

Kevin J. O'Connor, United States Attorney for the District of Connecticut, today announced that **ACE & COMPANY, INC.** ("ACE"), pleaded guilty today before Senior United States District Judge Ellen Bree Burns in New Haven to engaging in a scheme to defraud the United States Department of Defense ("DOD"). In addition, **JAMES E. STRANBERG, JR.**, owner and President of ACE, pleaded guilty to a charge of tax evasion.

According to documents filed with the Court and statements made in court, ACE & COMPANY, INC. ("ACE") sells and distributes electronic components through its division, *Stran Technologies, Inc.*, which maintains a manufacturing facility at 39 Great Hill Road in Naugatuck, Connecticut. Through *Stran Technologies*, ACE develops and manufactures fiber optic and electric connectors, cable assemblies, and termination tools for commercial and military applications. In 1999 *Stran Technologies* qualified with the United States Army to produce the first generation Tactical Fiber Optic Cable Assembly ("TFOCA I"). The military applications of the TFOCA I connectors include use on Patriot missile launchers and communication systems for military vehicles and aircraft carriers.

In pleading guilty, ACE admitted that it falsely represented to the United States Army that it had conducted certain required tests on the TFOCA I. In fact, as ACE admitted, it had not performed those tests, but had fabricated test results for the purpose of obtaining DOD contracts and subcontracts.

"The Department of Defense requires contractors to provide parts and equipment that are rigorously tested so that they will not fail under the rigors of battle or in adverse weather conditions," U.S. Attorney O'Connor stated. "Without this rigorous testing, we cannot be assured that our military is being provided with safe and superior technology."

In pleading guilty to tax evasion, STRANBERG admitted that he had filed a false 2003 tax return for ACE. According to statements made by the Government

today in court, STRANBERG caused to be deducted on ACE's corporate income tax return numerous personal expenses by falsely characterizing them as ordinary and necessary business expenses. These expenses included the costs associated with remodeling and repairing STRANBERG's personal residence in Wellesley, Massachusetts. STRANBERG also diverted a total of \$41,404 in commission checks, representing payment to ACE for products manufactured by Stran Technologies. Because STRANBERG cashed these checks and retained the cash for his own use, these funds were never received by ACE nor were they recorded as income on ACE's books and records. STRANBERG concealed the receipt of these commission checks and did not report them as business income or as personal income. The total tax loss resulting from STRANBERG's tax evasion was \$196,322.

Judge Burns has scheduled sentencing for October 20, 2006, at which time ACE & COMPANY INC. faces a maximum penalty of five years of probation and a \$500,000 fine, and STRANBERG faces a maximum term of imprisonment of five years of imprisonment and a fine of up to \$250,000. STRANBERG may also be required to pay the costs associated with his prosecution. ACE has agreed to pay restitution in the amount of \$230,432.04 to the United States Government.

The Government will make a referral to, and will share to results of the investigation with, the Department of Defense debarment authorities.

This case was investigated by the Defense Criminal Investigative Service, the Internal Revenue Service, the Federal Bureau of Investigation, the United States Army Criminal Investigation Division, and the Naval Investigative Service. The case is being prosecuted by Assistant United States Attorney John A. Marrella.

**CONTACT:**     **U.S. ATTORNEY'S OFFICE**  
Tom Carson  
(203) 821-3722  
[thomas.carson@usdoj.gov](mailto:thomas.carson@usdoj.gov)