



Department of Defense  
Office of the Inspector General

# Information Release

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**INFORMATION RELEASE**

**January 9, 2006**

## **Government Transportation Officer Sentenced for Conspiracy to Accept Illegal Gratuities**

The Office of the Inspector General (OIG), Department of Defense (DoD), announced today that Gene B. Boyce, Transportation Officer, Fleet & Industrial Supply Center Detachment, Norfolk Naval Shipyard, Portsmouth, VA, was sentenced in the U.S. District Court for the Eastern District of Virginia, Norfolk, VA, to 44 months incarceration, 3 years supervised probation, \$543,055.36 in restitution and a special assessment fee of \$200.

On October 4, 2005, Boyce 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 a single 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, Section 201(C)(1)(B). The investigation found that from approximately 1999 until August 2004, Boyce accepted various items of value from Air Cargo Expeditors Incorporated (Air Cargo), Virginia Beach, VA, in return for the award of Government freight transportation contracts, known as 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.

As the Transportation Officer, Boyce was responsible for providing oversight and guidance to a staff of transportation agents, known as shippers, in the selection of freight carriers to support the military. Boyce was also responsible for the issuance and control of bills of lading for the procurement of commercial carrier services for the movement of freight in accordance with the Defense Transportation Regulations. The items shipped were predominantly equipment/supplies in support of the U. S. Navy. 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.

The investigation was 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. Audit support was provided by the Defense Contract Audit Agency. Assistant U. S. Attorney, Robert J. Seidel, Jr., of the Norfolk Virginia U. S. Attorney's office, handled the prosecution of this case.

The point of contact for this press release is Joseph A. McMillan, Special Agent in Charge (SAC), Mid-Atlantic Field Office. SAC McMillan may be contacted at (703) 604-8411.

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