



# News Release

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No. 522-03

July 18, 2003

**IMMEDIATE RELEASE**

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## **THEFT TRADE SECRETS INVESTIGATION LEADS TO INDICTMENT**

Joseph E. Schmitz, Department of Defense inspector general, today announced that a joint investigation by the Defense Criminal Investigative Service (DCIS) and the Air Force Office of Special Investigations (OSI) resulted in a criminal indictment against two former Boeing Co. managers. The two, who were managers in the Evolved Expendable Launch Vehicle (EELV) program, were charged with conspiracy to conceal and possess trade secrets by a federal grand jury in Los Angeles.

The grand jury returned the criminal indictment against former Boeing managers Kenneth Branch, 64, and William Erskine, 43, for the misuse of proprietary Lockheed Martin Co. documents during bidding for Air Force launch contracts. If convicted, both men face a maximum of 10 years confinement and a fine of \$250,000, or both.

"The potential theft of proprietary data is a specter that can strike at the very foundation of any competitive system designed to ensure quality while containing costs," said Schmitz. "Competitions to design and build the most advanced military systems in the world for the Department of Defense have a potential value of billions of dollars per year. Part of the mission of the DCIS special agents is to investigate allegations to ensure that the integrity of commercial competitions are strictly maintained and that a fair playing field is maintained among defense contractors."

In 1997, the U.S. Air Force announced contracts for EELV services to both Boeing and Lockheed Martin. The Air Force agreed to provide each company with \$500 million for development costs associated with their respective EELV programs, with both companies agreeing to pay any additional developmental costs. In 1998, of the 28 initial EELV launches, Boeing won 19 of the launches while Lockheed won nine. The EELV program uses the Lockheed Atlas or the Boeing Delta rocket systems to launch government satellites into space for national security interests as well as for the transportation of commercial satellites.

In 2002, upon learning about the loss of proprietary documents, Lockheed Martin alerted the Air Force, which, in turn, informed the DCIS. DCIS and OSI then launched an investigation into the theft and referred the case to U.S. Attorney Debra W. Yang for the Central District of California.

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