



## U.S. Department of Justice

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**FOR IMMEDIATE RELEASE**

**SENIOR GOVERNMENT OFFICIAL, LOCAL ATTORNEY AND OTHERS  
CHARGED IN DEFENSE PROCUREMENT FRAUD CASE**

HARRISBURG--Thomas A. Marino, United States Attorney for the Middle District of Pennsylvania, Charles E. St. Cyr, Inspector General for the Defense Information Systems Agency (DISA), Edward T. Bradley, Special Agent-in-Charge for the Defense Criminal Investigative Service (DCIS), and Michael Robinson, Special Agent-in-Charge for the Office of Inspector General for the Social Security Administration, announced today the filing of three indictments charging four individuals and three corporations in connection with an on-going federal grand jury investigation of public corruption at the Defense Enterprise Computing Center (DECC) located in Mechanicsburg, Pennsylvania. The DECC is a regional data processing center which provides secure computing services for DISA, which is a combat support agency of the U.S. Department of Defense.

The 68-count public corruption indictment charges that a senior DISA contracting officer (Kevin D. Marlowe, 51, Dillsburg, Pennsylvania) had a secret financial interest in a small Harrisburg business (Vector Systems, Inc.) which he awarded over

\$11 million in government contracts to between 1998 and 2002, using a government credit card. The indictment alleges that at the same time Mr. Marlowe purchased services from Vector on behalf of the government, he and other members of his family received approximately \$500,000 in cash and other benefits from Vector's owner (Attorney Benjamin D. Share, 75, Harrisburg, Pennsylvania) which were concealed from the government.

In addition to the public corruption indictment, a ten-count indictment was filed charging Mr. Marlowe, his brother (Frederick W. Marlowe, II, 56, Dillsburg, Pennsylvania), and a Pennsylvania corporation known as Terra Hara, Inc., with an unrelated scheme to defraud a New Jersey environmental business (Impact Environmental Remediation, Inc., Whitehouse Station, New Jersey) by submitting fraudulent Terra Hara invoices for \$76,250 of services that were never provided to Impact. Kevin Marlowe's nephew (James A. Kloss, 34, Flemington, New Jersey) was the President of Impact and has admitted authorizing payment of the phony invoices and participating in the scheme. Mr. Kloss pled guilty to conspiracy to commit mail fraud on May 5, 2004 and awaits sentencing. Kevin Marlowe's daughter (Stephanie M. Marlowe, 25, Coatesville, Pennsylvania), who was the President of Terra Hara, has also been charged with making false statements to the grand jury in connection with the operation of Terra Hara and pled guilty on August 16, 2004.

The third indictment filed today charges Kevin Marlowe with making two false statements to the Social Security Administration in connection with Social Security disability payments his wife

(Linda M. Marlowe, 48, Dillsburg, Pennsylvania) was receiving. That indictment charges that Kevin Marlowe falsely claimed Linda M. Marlowe was not employed when, in fact, she was employed as the bookkeeper for Vector Systems using the alias "Brenda Sheaffer." As a result of the false statements, approximately \$55,911.00 in disability payments were made to Linda M. Marlowe which she was not entitled to receive. Linda M. Marlowe has been charged with Social Security fraud and making false statements to the grand jury and pled guilty to both charges on August 16, 2004.

The public corruption indictment charges that the defendants conspired to defraud the United States of the "loyal, faithful, and disinterested services of Kevin D. Marlowe" in his official capacity as a government contracting officer. While awarding Vector over \$11 million in government contracts, the indictment alleges Kevin D. Marlowe and Benjamin D. Share "entered into a series of secret business arrangements, relationships, and financial transactions for their mutual financial gain." The indictment alleges that Kevin and Linda Marlowe were actually secret officers of Vector and concealed their identities by using the names "Lynn" and "Brenda Nelson" on the incorporation paperwork. Linda Marlowe's maiden name is "Nelson."

The Vector payments to Kevin D. Marlowe took various forms, including the use of a Vector credit card for over \$170,000 in jewelry, furniture, and other personal items; over \$160,000 deposited into two brokerage accounts at SalomonSmithBarney; over

\$57,000 in cash paid to Linda Marlowe for "off-the-books" bookkeeping work she performed at Vector; over \$49,000 in payments for consulting work Kevin D. Marlowe performed for a Vector subsidiary known as OmniGraphics and Application Design, Inc.; \$36,000 in cash payments which were disguised in Vector's books as "janitorial services," "WAM" (walking around money), or "consulting fees"; and at least one check for \$17,500 which Benjamin D. Share made payable to Kevin D. Marlowe's brother, Frederick W. Marlowe, II, and which was deposited into Kevin and Frederick Marlowe's joint bank account.

The public corruption indictment alleges that the defendants concealed the scheme by various means, including using fake names, setting up shell corporations, using extensive amounts of cash and nominees to hide a paper-trail, and making false statements to Kevin D. Marlowe's supervisors at the DECC, law enforcement officials, and the federal grand jury. The indictment also charges that numerous contract files involving Vector were hidden in Frederick W. Marlowe's garage after November 13, 2002, when Kevin D. Marlowe was removed from the DECC and directed to return all government property.

United States Attorney Marino stated that "public officials inherently owe a duty to the public to make governmental decisions in the public's best interest." "The endless and undisclosed stream of benefits that Mr. Marlowe received from Vector Systems at the same time he was awarding lucrative government contracts to it, constituted a serious breach of the

public's trust." "In effect, the public trust was being bought and sold." "This kind of behavior by a public official will not, and should not, be tolerated."

Special Agent-in-Charge Bradley stated that "public corruption, at any level, is inexcusable and a violation of the confidence which the public has placed in government officials." "The Defense Department, and all its resources, needs to be focused on protecting this nation and providing support for our troops." "We cannot afford to allow this type of fraud and abuse, perpetrated for personal gain, to drain those resources." "DCIS is committed to investigating this type of corruption and supporting the criminal prosecution of those individuals and companies that are willing to line their own pockets through the manipulation of the DOD contracting process."

DISA Inspector General St. Cyr stated that "this indictment signifies the importance DISA places on its financial stewardship of American taxpayer dollars and our responsibility to ensure resources are used effectively and efficiently in support of the warfighter." "It is a credit to those DISA employees and contractors who came forward and assisted in this investigation enabling us to expose and eliminate a complex criminal conspiracy."

Special Agent-in-Charge Robinson stated that "Social Security benefits programs are essential to the economic well-being of millions of Americans." "Disability benefits are reserved for the truly disabled and members of the disabled's

family to replace lost earnings." "Frauds perpetrated on Social Security's benefits programs result in the loss of millions of dollars every year to law abiding tax payers and, when these frauds are detected, they will be vigorously pursued and prosecuted to deter others who may be thinking of committing similar thefts of government funds."

The defendants charged in the three indictments filed today are:

**CONTRACT PROCUREMENT FRAUD CASE**

<b><u>DEFENDANT</u></b>	<b><u>CHARGES</u></b>
<p>1. <b>Kevin D. Marlowe</b>, 51, of Dillsburg, Pennsylvania, was a DISA contracting officer since 1984 and rose to the level of Supervisory Contract Specialist and Chief of Plans, Requirements, and Acquisitions for the DECC until he was indefinitely suspended in March 2003.</p>	<p>Conspiracy to defraud the United States (1 count), receiving illegal gratuities (14 counts), wire fraud (10 counts), money laundering (3 counts), conflict of interest (1 count), conspiracy to conceal records (1 count), concealment of records (1 count), obstruction of justice (2 counts), suborning perjury (1 count).</p>
<p>2. <b>Benjamin D. Share</b>, 75, of Harrisburg, Pennsylvania, is an attorney and owned and operated Vector Systems. He was the chief legal counsel for the Navy Ships Parts Control Center located in Mechanicsburg, Pennsylvania, until 1985.</p>	<p>Conspiracy to defraud the United States (1 count), giving illegal gratuities (14 counts), wire fraud (10 counts), money laundering (11 counts), making false statements to the DISA IG's Office (2 counts), obstruction of justice (1 count).</p>
<p>3. <b>David M. Tynio</b>, 36, of Harrisburg, Pennsylvania, is the President of OmniGraphics, a Vector Systems subsidiary.</p>	<p>Conspiracy to defraud the United States (1 count), making false statements to the DISA IG's Office (1 count), obstruction of justice (1 count).</p>

**DEFENDANT**

**CHARGES**

4. **Frederick W. Marlowe, II**, 56. of Dillsburg, Pennsylvania, is the brother of Kevin D. Marlowe and is employed by the Defense Distribution Depot, Susquehanna, Pennsylvania, as an Information Technology Specialist
5. **Vector Systems, Inc.**, is a Nevada corporation incorporated in 2001 which operated out of 4309 Linglestown Road, Harrisburg, Pennsylvania, and provided Information Technology (IT) services and products to DISA.
6. **OmniGraphics and Applications Design, Inc.**, is a Nevada corporation incorporated in 2000 which was a subsidiary of Vector Systems. It provided graphic design and other IT-related services to Vector which was its only customer. It also operated out of 4309 Linglestown Road, Harrisburg, Pennsylvania.
- Conspiracy to defraud the United States (1 count), receiving an illegal gratuity (1 count), money laundering (1 count), conspiracy to conceal records (1 count), concealment of records (1 count), obstruction of justice (2 counts), making false statements to the grand jury (1 count).
- Conspiracy to defraud the United States (1 count), giving illegal gratuities (14 counts), wire fraud (10 counts).
- Conspiracy to defraud the United States (1 count).

**FRAUDULENT INVOICE CASE**

**DEFENDANT**

**CHARGES**

1. **Kevin D. Marlowe**
- Conspiracy to commit mail fraud (1 count), mail fraud (8 counts).

- 2. **Frederick W. Marlowe, II**      Conspiracy to commit mail fraud (1 count), mail fraud (8 counts), false statements to the grand jury (1 count).
  
- 3. **Terra Hara, Inc.,** is a Nevada corporation incorporated in 2002 which operated out of the residence of Kevin D. Marlowe.      Conspiracy to commit mail fraud (1 count), mail fraud (8 counts).

**SOCIAL SECURITY FRAUD CASE**

**DEFENDANT**

**CHARGES**

- 1. **Kevin D. Marlowe**      Making false statements to the Social Security Administration (two counts).

This case was investigated by the DISA Office of Inspector General, the Defense Criminal Investigative Service, and the Social Security Administration's Office of Inspector General. Assistant U.S. Attorney Bruce Brandler is handling the prosecution.

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*An Indictment or Information is not evidence of guilt but simply a description of the charge made by the Grand Jury and/or United States Attorney against a defendant. A charged Defendant is presumed innocent until a jury returns a unanimous finding that the United States has proven the defendant's guilt beyond a reasonable doubt or until the defendant has pled guilty to the charges.*