



Department of Justice

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FOR IMMEDIATE RELEASE
02/19/09

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FORMER ARMY OFFICIAL & TENNESSEE BUSINESSMAN CONVICTED IN WATER CONTRACT SCHEME

Trial Involved Payoffs On Water Contracts For U.S. Troops in Desert

Atlanta, GA - RICHARD E. LONG, 65, of St. Augustine, Florida, and MACK S. SMITH, 57, of Bladenboro, North Carolina, have been convicted by a federal jury after a three-week trial on multiple felony charges relating to water contracts for United States military troops overseas. A third defendant in the case, LONG's wife, Debra L. Long, 45, also of St. Augustine, Florida, was acquitted by the jury on all charges. The three were indicted on February 12, 2008.

United States Attorney David E. Nahmias said, "The jury's verdict brings to justice a greedy businessman and a corrupt Army employee who undermined the integrity of the military contracting system. There is no greater priority than ensuring the support and well-being of the men and women who put themselves in harm's way to protect our freedom. This bribery scheme devised by these defendants undermined that objective by guaranteeing that the water supply for Army personnel in foreign deserts came not from the most capable supplier, but from the one most willing to pay off the key decision-maker."

"As a Nation at war, our men and women of the Armed Forces deserve nothing less than the very best in support. Today's ruling has brought to justice those who attempted to deny that support for their own selfish gain," said Brigadier General Rodney Johnson, the commanding general of the U.S. Army Criminal Investigation Command in Washington, D.C. "Let me be very clear when I say that anyone who attempts to defraud the U.S. Army and our troops will be fully investigated and we will do everything in our power to assist in bringing them to justice."

"The public deserves assurances that Government funds will be expended in an irreproachable manner free from outside influences," said James R. Ives, Special Agent in Charge of the Defense Criminal Investigative Service's Mid-Atlantic Field Office in Arlington, Virginia. "Sustaining confidence in the federal procurement system is especially important during periods of economic uncertainty. Officials who abuse their

positions for personal gain breach the public trust, obstruct fair and open competition, and destroy confidence in the Government's ability to act an effective steward of taxpayer dollars. The Defense Criminal Investigative Service remains committed to working with law enforcement partners and the Department of Justice to investigate and prosecute public corruption.”

According to U. S. Attorney Nahmias and the information presented in court: RICHARD E. LONG worked as a civilian employee of the United States Department of the Army Forces Command in the position of “Water and Petroleum Program Manager,” from approximately November 1996 through approximately December 2004. While in that position, LONG was based at Fort McPherson, in the Atlanta area. LONG’s duties included recommending which contractors should be awarded water-related military contracts. MACK S. SMITH was the owner of “WATEC, Inc.,” a Tennessee company that provided water-purification equipment, training and servicing. Starting in approximately October 1998, RICHARD E. LONG entered into an agreement by which SMITH would make secret payments to RICHARD E. LONG in exchange for LONG’s recommendation that every water-purification contract be awarded to WATEC. During LONG’s tenure as Water and Petroleum Manager, WATEC was continually awarded, either as the primary contractor or as a subcontractor, contracts on which it bid. WATEC as a result was awarded contracts worth more than \$66,000, 000. At least one contract was valued at over \$32,000,000. These awards were based on RICHARD E. LONG’s recommendations. From 2001 to 2007, SMITH made payments to LONG totaling approximately \$549,700.

RICHARD E. LONG was convicted by the jury of 18 counts of bribery, 6 counts of wire fraud, and one count of money laundering. MACK S. SMITH was convicted of 38 counts of bribery, 15 counts of wire fraud, and one count of money laundering. LONG was found not guilty on additional counts of bribery and wire fraud. SMITH was found not guilty on a charge of conspiracy.

Sentencing for RICHARD E. LONG and MACK SMITH is scheduled for May 11, 2009, at 9:30 a.m. before Senior United States District Judge Clarence Cooper. The conspiracy charge carries a maximum sentence of five years in prison and a fine of up to \$250,000. Each wire fraud charge carries a maximum sentence of 20 years in prison and a fine of up to \$250,000. Each bribery count carries a maximum sentence of 15 years in prison and a fine of up to \$250,000 or three times the value of whatever was received for the bribe -- in this case, the value of the contract -- whichever is greater. The money-laundering charge carries a maximum sentence of ten years in prison and a fine of up to \$250,000. In determining the actual sentence, the Court will consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders.

This case is being investigated by Special Agents of the Department of the Army,

Criminal Investigation Division, and the Department of Defense Criminal Investigative Service.

Assistant United States Attorneys Glenn D. Baker and Jon-Peter F. Kelly are prosecuting the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.