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Former DOD Employee Pleads Guilty to Charges Involving Fraud and Theft from the Army

WASHINGTON – A former civilian employee of the Department of Defense (DOD) and former member of the California Army National Guard, has pleaded guilty to defrauding the United States and conspiring with four other individuals to do the same, Assistant Attorney General Alice S. Fisher of the Criminal Division announced today.

Jesse D. Lane Jr. pleaded guilty in federal court in Los Angeles before U.S. District Judge Percy Anderson to one count of conspiracy and one count of honest services wire fraud. As part of his plea, Lane admitted that he and his co-conspirators were members of the 223rd Finance Detachment, a unit of the California National Guard that processes pay for Army National Guard members, and were deployed together to Iraq and Kuwait from March 2004 until February 2005, when they returned to their home drilling post in Compton, Calif. Beginning in March 2005, and continuing through August 2005, Lane accessed a DOD pay-processing computer system and inputted thousands of dollars in unauthorized DOD pay and entitlements for himself and his co-conspirators. In return, Lane's co-conspirators kicked back at least half of the money they received to Lane.

Lane faces a maximum penalty of five years in prison for conspiracy, 20 years in prison for honest services wire fraud, and three years of supervised release. Sentencing was set for Sept. 24, 2007.

On Nov. 13, 2006, Lane's co-conspirators Jennifer Anjakos of Chula Vista, Calif., Lomeli Chavez of Oceanside, Calif., and Derryl Hollier and Luis Lopez of Los Angeles each pleaded guilty to one count of conspiracy to commit wire fraud on related charges arising from this scheme. Their sentencings have been scheduled for Sept. 10, 2007.

These cases are being prosecuted by trial attorney John P. Pearson of the Public Integrity Section of the Criminal Division, which is headed by Section Chief William M. Welch II. These cases are being investigated by the U.S. Army Criminal Investigation Division, the Internal Revenue Service Criminal Investigation Division, the FBI, and the Defense Criminal Investigative Service, in support of the Justice Department's National Procurement Fraud Task Force and the International Contract Corruption Initiative. The prosecution has received substantial assistance from the California National Guard and the U.S. Army Audit Agency.

The National Procurement Fraud Initiative was announced by Deputy Attorney General Paul J. McNulty in October 2006, and is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs. As part of this initiative, the

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Deputy Attorney General has created the National Procurement Fraud Task Force, which is chaired by Assistant Attorney General Fisher.

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