



Department of Justice

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Army Chief Warrant Officer Pleads Guilty to Taking \$50,000 Bribe to Influence Contract

ROCK ISLAND, IL – A United States Army Chief Warrant Officer pled guilty today to accepting \$50,000 in cash to influence a military contract, as announced by Rodger A. Heaton, U.S. Attorney for the Central District of Illinois. Peleti Peleti Jr., also known as “Pete,” age 44, currently stationed in Hawaii, entered a plea of guilty to receiving the \$50,000 bribe and smuggling the cash into the U.S. in December 2005. Sentencing for Peleti is scheduled on June 15, 2007, in Rock Island, before U.S. District Judge Michael M. Mihm.

During today’s hearing, Peleti admitted that he received \$50,000 in \$100 bills from the president of a Kuwaiti company seeking to provide food service supplies to the U.S. military, specifically plastic flatware, in December 2005. At the time, Peleti, a 22½ year veteran of the U.S. Army, was serving as the Army’s Theater Food Service Advisor for Kuwait, Iraq and Afghanistan and was stationed at Camp Arifjan, Kuwait. The bribe was intended as payment for Peleti’s efforts to steer an Army contract for food service supplies, including paper products and plastic flatware, from the existing government contractor to a Kuwaiti company.

U.S. Attorney Heaton stated, “Anyone who corrupts the military procurement processes should expect aggressive investigation and prosecution. The United States Army deserved honest services from Mr. Peleti as did the taxpayers who were paying his salary.”

The Army’s food service contracts were being provided to the Army by Kellogg, Brown and Root Services, Inc., under KBR’s prime contract with the U.S. Army known as LOGCAP III. LOGCAP (Logistics Civil Augmentation Program) is a U.S. Army program that uses civilian contractors to support the logistical needs of the U.S. military forces. In December 2001, the LOGCAP III prime contract was awarded to KBR by the U.S. Army Operations Support Command, with headquarters at the Rock Island Arsenal in Rock Island, Illinois, and was administered by the Army Field Support Command, also at the Rock Island Arsenal.

According to the plea agreement filed in the case, in mid-2005, after Peleti was shown samples of products the Kuwaiti company wanted to market to the U.S. Army, he attended a meeting at the home of the Kuwaiti company’s president where the two discussed the company’s desire for an Army contract. Although Peleti advised the company’s president that it was unlikely the company would be awarded a contract, Peleti did telephone and e-mail the Army’s Center of Excellence for Subsistence at Fort Lee, Virginia, in an effort to facilitate the company’s receiving a contract.

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Peleti told the company president that Army officials had advised him that food service supplies were included in the existing contract and a contract with the Kuwaiti company was not possible. The company president then asked Peleti to come alone to his office where Peleti was presented with an envelope containing \$50,000 in \$100 bills. The company president told Peleti it was his payment in the event the company received a contract and encouraged Peleti to keep trying.

Today's hearing also included Peleti's admission that he smuggled about \$40,000 of the cash in his clothing and luggage when he traveled from Kuwait City to Dover, Delaware, on or about December 14, 2005. Peleti has also agreed to a \$50,000 money judgment and forfeiture of items purchased with the bribe money.

The maximum statutory penalty for receiving a bribe is 15 years in prison and a fine of \$250,000. For bulk cash smuggling into the U.S., the maximum penalty is five years in prison and a fine of up to \$250,000.

In October 2006, Deputy Attorney General Paul J. McNulty announced the formation of a National Procurement Fraud Task Force 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. The Procurement Fraud Task Force, chaired by Assistant Attorney General Fisher, includes the Federal Bureau of Investigation, the U.S. Inspectors General community, the Executive Office for United States Attorneys and others.

Law enforcement agencies participating in the investigation include: the Federal Bureau of Investigation, Springfield Division; the Internal Revenue Service Criminal Investigation Division, Chicago Field Office; the Defense Criminal Investigative Service, Central Field Office, St. Louis, Missouri; and the U.S. Army Criminal Investigation Command, North Central Fraud Field Office, Detroit, Michigan.

The case is being prosecuted by Jeffrey B. Lang, Supervisory Assistant U.S. Attorney, Rock Island Division; Gregory R. Walters, Assistant U.S. Attorney, Peoria Division; and, John Michelich, Senior Trial Attorney, Criminal Division, Fraud Section, U.S. Department of Justice.

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