



# Department of Justice

United States Attorney Rodger A. Heaton  
Central District of Illinois

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## **FORMER KBR EMPLOYEE SENTENCED FOR VIOLATION OF ANTI-KICKBACK ACT IN AWARDING MILITARY SUBCONTRACT**

Rock Island, Ill. – Anthony J. Martin, 59, of Houston, Texas, a former employee of Kellogg, Brown & Root (KBR) was sentenced today for violating the Anti-Kickback Act in awarding a \$4.67 million subcontract to a Kuwaiti company in 2003. Rodger A. Heaton, U.S. Attorney for the Central District of Illinois, announced that Martin was ordered to serve 12 months and one day in prison and to pay \$200,504.85 in restitution.

Martin pled guilty in July 2007 to participating in a kickback scheme with the managing partner of a Kuwaiti company. The company was awarded a \$4.67 million subcontract to provide 50 semi-tractors and 50 refrigeration trailers to the U.S. military for a six-month period in June 2003 in support of U.S. military supply lines between Kuwait and Iraq, known as the “Theater Transportation Mission.” The Kuwaiti company agreed to pay Martin 50 Kuwaiti Dinars, or approximately \$170.00 in U.S. dollars, per semi-tractor, per month, under any government subcontract Martin awarded to the company.

From February 2003 to February 2004, Martin worked for KBR in Kuwait as a subcontracts administrator and later as a subcontracts manager. Martin’s duties included solicitation of bids from prospective subcontractors and the negotiation and award of subcontracts on KBR’s behalf under its prime contract, known as LOGCAP III, with the U.S. Army.

LOGCAP (Logistics Civil Augmentation Program) is a U.S. Army program that uses civilian contractors to support the logistical needs of 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. The contract was administered by the Army Field Support Command, also at the Rock Island Arsenal.

Martin solicited bids from a number of potential subcontractors, including the Kuwaiti company’s managing partner; however, Martin admitted that prior to the bid process he was paid the equivalent of approximately \$10,000 in U.S. dollars by the Kuwaiti company’s managing partner as an advance on their kickback agreement. Under the agreement, Martin was to receive kickback payments of approximately \$50,240 in U.S. dollars including the \$10,000 he had already received. The amount of the kickback was incorporated into the price of the subcontract and ultimately paid by the U.S. military.

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Prior to returning to the U.S. for 'R&R' in July 2003, Martin transferred the \$10,000 advance to a third party who deposited the funds in a Kuwaiti bank account and provided Martin with an ATM card so he could access the account in the U.S. Martin used the ATM card to withdraw and spend approximately \$9,100. According to the plea agreement, prior to returning to Kuwait, Martin felt guilty and after he returned to Kuwait, told the managing partner that he was not going to take any additional money under the kickback agreement.

During his plea hearing, Martin admitted additional illegal conduct in his award of another subcontract of approximately \$8.87 million to the same Kuwaiti company in July 2003. Martin awarded the Kuwaiti company a subcontract to supply 150 semi-tractors for a six-month period. At that time, the managing partner and Martin were still parties to the kickback scheme under which the Kuwaiti company agreed to pay Martin 50 Kuwaiti Dinars per semi-tractor, per month. Under the agreement, Martin would have received approximately \$150,265 in kickbacks. This amount was incorporated into the price of the subcontract which the U.S. military ultimately paid.

This case was prosecuted under the Department of Justice's National Procurement Fraud Initiative. Announced in October 2006, the national initiative 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.

Law enforcement agencies participating in this 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 was prosecuted by Gregory R. Walters, Assistant U.S. Attorney, Peoria Division; Jeffrey B. Lang, Supervisory Assistant U.S. Attorney, Rock Island Division; Matthew J. Cannon, Assistant U.S. Attorney; and, John Michelich, Senior Trial Attorney, Criminal Division, Fraud Section, U.S. Department of Justice.

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