



Department of Justice

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United States Attorney's Office

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Former Military Official Pleads Guilty to Participating in Bribery Conspiracy Involving \$206 Million Telecommunications Contract in Korea

WASHINGTON - A former Army and Air Force Exchange Service (AAFES) official pleaded guilty today in U.S. District Court in Columbus, Ga., for his role in a conspiracy to commit bribery involving a multimillion dollar telecommunications contract, and for not reporting the bribes he accepted on his income tax returns, Assistant Attorney General Lanny A. Breuer of the Criminal Division announced.

According to court documents, Henry Lee Holloway, 42, of Hamilton, Ga., worked as an AAFES general store manager at the Central Exchange in the Republic of Korea from 2003 through 2007. The Department of Defense provides billions of dollars worth of merchandise and services annually through AAFES to military personnel by operating base and post exchanges worldwide.

From May 2003 to April 2005, Holloway admitted to conspiring with, among others, Gi-Hwan Jeong, the chief executive officer of Samsung Rental Company Ltd (SSRT), to use Holloway's official position to maintain SSRT's \$206 million contract with AAFES to provide telecommunications services to U.S. Armed Forces installations in the Republic of Korea. In exchange for at least \$70,000 worth of stock offerings, entertainment, travel expenses, cash and other things of value from Jeong, Holloway admitted he took official action to protect SSRT and further its interests, despite Holloway's knowledge and belief that SSRT was underperforming and violating the terms of its contract with AAFES. According to court documents, prior to Jeong's payments to Holloway, and as a result of SSRT's failures to perform under the contractual relationship with AAFES, Holloway attempted to terminate the contractual relationship between AAFES and SSRT. After the payments from Jeong to Holloway began, and as the result of those payments, Holloway admitted he used official acts and influence to support and expand that contractual relationship, including contract amendments and obligation changes.

Holloway pleaded guilty to a two-count information before Judge Clay D. Land in the Middle District of Georgia, charging him with one count of conspiracy and one count of filing a false tax return. Holloway admitted he knowingly failed to report his bribe income for tax years 2003, 2004 and 2005. At sentencing, Holloway faces up to five years in prison on the conspiracy count, as well as a \$250,000 fine. He faces up to three years in prison for filing a false tax return, as well as a \$100,000 fine. The information also seeks forfeiture of Holloway's assets derived from the criminal activity. A sentencing date has not yet been set by the court.

Jeong was indicted on Dec. 17, 2008, in the Northern District of Texas on two counts of bribery for his alleged role in the scheme. Jeong was arrested in Dallas on Nov. 19, 2008, on a criminal complaint. In upholding Jeong's detention, U.S. District Court Judge Jane J. Boyle found probable cause to support charges and that Jeong was a flight risk. Jeong's trial is scheduled to begin June 1, 2009.

An indictment is merely an allegation and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

The case is being prosecuted by Senior Trial Attorney Richard C. Pilger and Trial Attorneys Richard B. Evans and Eric G. Olshan of the Criminal Division's Public Integrity Section, headed by William M.

Welch, II, Chief. The case was investigated by the Air Force Office of Special Investigations, the FBI's Dallas Field Office and the Internal Revenue Service.