



Department of Justice

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United States Attorney's Office

Southern District of California

Contact: (619) 557-5610

Indictment Charges Civilian Navy Employees and Contractors with Fraud and Bribery

SAN DIEGO - U.S. Attorney Karen P. Hewitt announced today the unsealing of a 25-count indictment charging six individuals with corruption and fraud charges related to defense contracting at Space and Naval Warfare Systems Command (SPAWAR), a government organization based in San Diego that is responsible for the development of technology to collect, process, display and manage information essential to successful military operations. A federal grand jury sitting in San Diego handed up the indictment on June 30, 2009, which was sealed until their arrests earlier today.

According to the indictment, federal employees Gary Alexander and his wife, Kelly Alexander, worked at SPAWAR and for almost eight years accepted cash bribes and other items of value from individuals seeking employment as government subcontractors. Those charged with paying the bribes are Elizabeth Ramos and Louis Williams, owners of Technical Logistics Corporation (TLC), a company operating in National City. The indictment charges that Ramos and Williams bribed Gary and Kelly Alexander with cash, a Rolex watch, and other items of value in return for Gary Alexander's using his influence at SPAWAR to ensure the hiring of TLC as a subcontractor on several projects, including a military drug enforcement project based in Key West, Fla. Throughout the period of this scheme to defraud, TLC was paid approximately \$4.8 million as a government subcontractor.

The indictment also charges Jackie Godwin, a former manager at Kratos Defense Security Solutions, Inc. (Kratos), a large San Diego-based defense prime contractor, who hired the subcontractors as directed by Gary Alexander according to the scheme. Finally, the indictment charges that Sinthia Nares participated in the corrupt scheme and received government-funded jobs at both TLC and Kratos.

According to the indictment, the defendants participated in an eight-year scheme to defraud the government of its right to the honest services of both Gary and Kelly Alexander and to obtain money and property through materially false representations and omissions of material facts. In addition to obtaining government contracts through bribery, the indictment alleges that the defendants caused fraudulent bills to be submitted to and paid by the U.S. government for personal goods and services, including: computer database repairs; cell phone services; two 52-inch high-definition televisions; one 40-inch high-definition television; two home entertainment systems; a PlayStation-3 system; a Blu-ray disc player; a digital camera; and a global satellite positioning system. The grand jury included in its indictment the criminal forfeiture of the equipment, the Rolex watch, and the other items constituting the proceeds of the fraud and bribery.

Defendants Gary and Kelly Alexander are also charged with three counts of filing false tax returns by deliberately omitting income and disclosing only their government salaries to the IRS. Finally, several of the defendants are charged with lying to government agencies after providing false statements to investigators.

Following the execution of search warrants in May 2008, Gary and Kelly Alexander were placed on indefinite suspension from their jobs at SPAWAR, and Godwin and Nares were fired from Kratos.

Also named in the indictment but charged separately was Pamela Banks, the former owner of Advance Technical Solutions. Defendant Banks pled guilty in August 2008, to bribing Gary Alexander in exchange for government subcontracts. The current indictment alleges that Gary and Kelly Alexander accepted the bribes from Banks in return for Gary Alexander's using his official position at SPAWAR to have Banks hired by Godwin.

The indictment arose out of an 18-month investigation conducted by agents from the FBI, the Defense Criminal Investigative Service, the Naval Criminal Investigative Service and the Internal Revenue Service, Criminal Investigation.

U.S. Attorney Hewitt said, "Each year, the United States spends billions of taxpayers' dollars in San Diego and nationwide on defense procurement for military operations. It is essential that the defense contracting process be performed with integrity and fairness to all. According to the indictment in this case, government officials charged here schemed with private contractors to defraud the government and corrupt some of the contracting processes at SPAWAR. Federal law enforcement officials will continue to investigate and prosecute those who would attempt to corrupt the defense contracting process or sell their positions of trust for personal gain."

FBI Special Agent-in-Charge Keith Slotter commented, "We are pleased that concerned citizens have notified the FBI of their suspicions of public corruption through our tipline. The individuals charged in this indictment have taken advantage of their positions of trust—positions bestowed upon them by our government and its people. Undermining the public's interest for personal gain will not be tolerated. The FBI thoroughly investigates allegations of public corruption, and we remind the public to notify us, as they are sometimes the one person that can make a difference."

"Corruption is always unacceptable, but it is especially detestable when it involves those entrusted with protecting our war-fighters," said Richard W. Gwin, Special Agent-in-Charge for the U.S. Department of Defense (DoD), Defense Criminal Investigative Service (DCIS), Western Field Office. "While the vast majority of DoD employees and DoD contractors are honest in their work and committed to serving their fellow citizens, some choose to abuse the public trust. Corruption of this nature strikes at the heart of good government and erodes public confidence. The DCIS will use all tools available—our ability to track worldwide financial dealings, our advanced cyber capabilities, our worldwide law enforcement alliances—to protect taxpayers' interests."

NCIS Special Agent-in-Charge of the San Diego Field Office Peter Hughes said, "Procurement fraud wastes the taxpayers' money, corrupts the defense contracting process, and potentially jeopardizes the safety of our men and women in uniform. Whether a case of corruption occurs in Iraq, in Afghanistan, or right here at home, the Naval Criminal Investigative Service will aggressively investigate procurement fraud and pursue government contracting officials who seek to abuse their positions of financial responsibility and public trust for personal gain."

"Our tax system depends on everyone paying their fair share, and individuals who intentionally circumvent our tax system for their own financial benefit run the risk of prosecution," said Lance N. Okamoto, Assistant Special Agent-in-Charge for IRS Criminal Investigation in the Los Angeles Field Office. "IRS Criminal Investigation will continue to use our financial expertise and work with our fellow law enforcement officers and the U.S. Attorney's Office in conducting investigations that involve tax crimes and other financial frauds."

The case is being prosecuted in the Southern District of California by Assistant U.S. Attorneys Robert Ciaffa and AnnaLou Tirol.