



Department of Justice

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TUESDAY, DECEMBER 12, 2006
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CRM
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TDD (202) 514-1888

**FORMER ARMY OFFICIAL AND VIRGINIA-BASED
DEFENSE CONTRACTOR CONVICTED OF
HONEST SERVICES WIRE FRAUD AND BRIBERY**

WASHINGTON, DC Assistant Attorney General Alice Fisher of the Criminal Division announced today that a federal jury in the Western District of Virginia in Charlottesville, Virginia, convicted KENNETH N. HARVEY, 50, and MICHAEL G. KRONSTEIN, 44, of two counts each of honest services wire fraud, in violation of 18 U.S.C. §§ 1343 and 1346, and one count each of bribery, in violation of 18 U.S.C. § 201.

According to the evidence introduced at trial, from 1998 through May 18, 2001, Harvey was the Chief of the Acquisition Logistics and Field Support Branch within the U.S. Army, Intelligence and Security Command ("INSCOM") at Fort Belvoir, Virginia. In this position, Harvey was responsible for, among other things, recommending the award, modification, and payment of maintenance and logistics contracts in support of INSCOM missions throughout the globe. Kronstein was the owner and Chief Executive Officer of Program Contract Services, Inc. ("PCS"), a private company he founded to receive government contracts.

At trial, the evidence showed that, in November 1998, Harvey recommended that INSCOM award a sole-source, multi-million dollar maintenance and logistics contract to PCS. Following the contract award, Harvey recommended various modifications to the contract, many of which increased the total contract payout to Kronstein's company. Harvey also reviewed and approved payments to PCS, which resulted in the U.S. Army paying PCS more than \$4.7 million dollars. In exchange for these acts, Kronstein caused payments totaling more than \$40,000 to be made to Harvey's spouse and third parties for Harvey's benefit. Ultimately, Kronstein offered Harvey a position of employment with PCS at the same time Harvey oversaw a final modification to the contract. Harvey and Kronstein concealed these payments and offer of employment from Harvey's superiors at INSCOM. The defendants' indicted coconspirator, Karla Kronstein, pled guilty on October 30, 2006, and, pursuant to her plea agreement, testified at trial.

Sentencing in the case is set for March 5, 2007, before the Honorable Norman K. Moon in Charlottesville, Virginia. The defendants face a maximum sentence of up to 55 years in prison and a fine of up to \$750,000 as well as supervised release following any period of incarceration.

This case was prosecuted by Trial Attorneys Erin Aslan and M. Kendall Day of the Public Integrity Section, headed by Acting Chief Edward C. Nucci. This case was investigated by the U.S. Army Criminal Investigation Command, Major Procurement Fraud Unit, Washington Metro Fraud Resident Agency, and the U.S. Department of Defense, Office of Inspector General, Defense Criminal Investigative Service.