



Department of Justice

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**FORMER ARMY OFFICIAL AND VIRGINIA-BASED
DEFENSE CONTRACTOR SENTENCED FOR
HONEST SERVICES WIRE FRAUD AND BRIBERY CONVICTIONS**

WASHINGTON – Kenneth N. Harvey, 51, and Michael G. Kronstein, 45, were sentenced today in Charlottesville, Va., for their involvement in a bribery and honest services wire fraud scheme, Assistant Attorney General Alice S. Fisher of the Criminal Division announced today.

U.S. District Judge Norman K. Moon for the Western District of Virginia sentenced Kronstein and Harvey to 70 months and 72 months in prison, respectively. Both defendants have also been sentenced to three years of supervised release and jointly ordered to pay more than \$383,000 in restitution.

On December 12, 2006, a federal jury in the Western District of Virginia in Charlottesville convicted Harvey and Kronstein of two counts each of honest services wire fraud, and one count each of bribery.

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, Va. In this position, Harvey was responsible for 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 employment offers from Harvey's superiors at INSCOM.

This case was prosecuted by trial attorneys Erin Aslan and M. Kendall Day, with the assistance of Senior Counsel William J. Corcoran, all 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.

The National Procurement Fraud Initiative was announced by Deputy Attorney General Paul J. McNulty in October 2006, and 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. As part of this initiative, the Deputy Attorney General has created the National Procurement Fraud Task Force, which is chaired by Assistant Attorney General Fisher.

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