

JUSTICE NEWS

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CEO of Major Defense Contractor Charged with Bribery

The chief executive officer (CEO) of Multinational Logistics Services (MLS), a large ship husbanding company that has received over \$1 billion in U.S. Navy contracts since 2010, appeared in the United States today to face a criminal charge for his alleged participation in a bribery scheme.

According to the affidavit in support of a criminal complaint filed in September, Frank S. Rafaraci, 68, a U.S. citizen who resides abroad, has been the CEO of MLS since at least 2005. MLS is a defense contractor that provides ship husbanding services, such as refueling and stocking provisions, to U.S. Navy ships at ports worldwide. From approximately 2010 to the present, the U.S. Navy, other U.S. Department of Defense (DoD) components, and U.S. government civilian agencies awarded husbanding services contracts to MLS worth approximately \$1.3 billion. The affidavit further alleges that, beginning in 2011, Rafaraci was involved in a wide-ranging scheme to bribe U.S. Navy officials, defraud the U.S. Navy using falsely inflated invoices, and launder the proceeds of the scheme through shell companies Rafaraci had set up in the United Arab Emirates, all in an effort to benefit MLS. Rafaraci made his initial appearance earlier today before U.S. Magistrate Judge G. Michael Harvey of the U.S. District Court for the District of Columbia.

“Frank Rafaraci allegedly defrauded the Navy, bribed a Navy official, and laundered money through foreign bank accounts for years,” said Assistant Attorney General Kenneth A. Polite Jr. of the Justice Department’s Criminal Division. “The Criminal Division remains committed to combating fraud and corruption in defense contracting around the world.”

“This defendant is alleged to have engaged in a wide-ranging scheme to defraud the U.S. Navy and bribe public officials for his own gain,” said Acting U.S. Attorney Channing D. Phillips of the District of Columbia. “The U.S. Attorney’s Office will continue to pursue and hold accountable those that seek to take advantage of our military through corruption and fraud.”

“The criminal case against Rafaraci is the result of painstaking investigative efforts by the Department of Defense Office of Inspector General, Defense Criminal Investigative Service (DCIS) agents, and our partner agencies,” said Special Agent in Charge Stanley A. Newell of the DCIS Transnational Operations Field Office. “Let today’s action serve as a sobering reminder to those who seek to enrich themselves at the expense of the U.S. military and American taxpayers. DCIS is resolutely committed to ensuring the integrity of the DoD’s global procurement operations.”

“Rafaraci’s alleged long-running criminal scheme to defraud the Federal government through bribery, falsified invoices, and money laundering cheated the U.S. taxpayer and wasted tremendously valuable resources,” said Special Agent in Charge Eric Maddox of the Naval Criminal Investigative Service (NCIS) Economic Crimes Field Office. “NCIS and our law enforcement partners remain steadfast in our commitment to root out bribery and corruption that threaten to diminish the operational readiness and warfighter superiority of the Navy and Marine Corps.”

“Rafaraci allegedly defrauded the military and laundered the proceeds of his crimes,” said Special Agent in Charge Ryan L. Korner of IRS Criminal Investigation’s (IRS-CI) Los Angeles Field Office. “IRS-CI Special Agents once again showed their unwavering commitment to ensuring those who cheat the system are brought to justice. IRS-CI is dedicated to protecting the revenue and ensuring the process for awarding government contracts remains fair for everyone.”

Rafaraci was indicted by a grand jury in the District of Columbia on Sept. 30, and charged with one count of bribery. If convicted of that charge, Rafaraci faces a maximum penalty of 15 years in prison. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

Rafaraci was provisionally arrested in Malta on Sept. 27, 2021, at the request of the United States. Proceedings in Malta concluded upon his voluntary return to the United States on Oct. 18.

DCIS, NCIS, IRS-CI, and Army Criminal Investigative Division are investigating the case. Valuable assistance was provided by the FBI, U.S. Department of State’s Diplomatic Security Service, the Malta Police Force, Malta Office of the Attorney General, Essex Police, and U.K. International Crime Cooperation Center.

Principal Assistant Chief Justin Weitz, Trial Attorney Michael P. McCarthy of the Criminal Division’s Fraud Section, and Assistant U.S. Attorney Amanda R. Vaughn are prosecuting the case. Former Deputy Chief Brian R. Young of the Fraud Section participated in the investigation. The Justice Department’s Office of International Affairs provided significant assistance.

Anyone with information relating to fraud or corruption should contact the NCIS anonymous tip line at www.ncis.navy.mil or the DoD hotline at www.dodig.mil/hotline, or call (800) 424-9098.

An indictment and criminal complaint are merely allegations, and the defendant is presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

