

U.S. Department of Justice

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NEWS RELEASE

**FOR IMMEDIATE RELEASE
ALEXANDRIA, VIRGINIA
February 18, 2005**

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United States Attorney Paul J. McNulty announced that Michael M. Sears, age 57, the former Chief Financial Officer of the Boeing Company was sentenced today by the Honorable Gerald Bruce Lee, United States District Court Judge, to four months incarceration, a fine of \$250,000 and 200 hours of community service.

Sears was a senior executive of the Boeing Company, one of this nation's largest defense contractors. He served as the Chief Financial Officer of Boeing, and as a member of the Office of the Chairman, which consisted of the four senior executives of the Boeing Corporation. Sears pled guilty on November 15, 2004 to aiding and abetting acts affecting a personal financial interest. From September 23, 2002, through November 5, 2002, Sears aided and abetted Darleen Druyun, then the Principal Deputy Assistant Secretary of the Air Force for Acquisition and Management, in negotiating employment with Boeing while she was participating personally and substantially as an Air Force official overseeing the negotiation of a \$20 billion lease of 100 Boeing KC 767A tanker aircraft.

Mr. McNulty said, "Mr. Sears had a clear choice. Instead of respecting the integrity of the government's procurement system, he chose the financial interests of his company over the best interest for America."

Michael Sears was contacted in September 2002 by Darleen Druyun's daughter, herself a Boeing employee. In a series of E-mails to Sears the daughter outlined her mother's intention to retire from the Air Force and the type of position her mother would accept after retirement. Druyun discussed these E-mails with the daughter, who relayed Druyun's interest in Boeing employment in a meeting with Sears.

As a result Michael Sears and Darleen Druyun met in a private conference room at the General Aviation Terminal of Orlando Airport on October 17, 2002. Druyun advised Sears at that meeting that she had not disqualified herself from matters involving Boeing and therefore they should not be discussing her possible employment by the Boeing Company. Michael Sears intentionally elected to continue with the employment negotiations knowing that their actions created a conflict of interest. At the conclusion of the employment negotiation, Sears and Druyun discussed issues concerning a major Air Force procurement which Boeing participated in as a subcontractor.

Sears was terminated by Boeing on November 24, 2003.

This investigation is being conducted by the Defense Criminal Investigative Service of the Office of Inspector General, Department of Defense, the Air Force Office of Special Investigations, and the Federal Bureau of Investigation. Prosecuting the case for the United States is Assistant United States Attorney Robert W. Wiechering.

Procurement Fraud Working Group announced.

Mr. McNulty also announced he is spearheading a procurement fraud initiative to promote the early detection and prevention of procurement fraud associated with the increase in contracting activity for national security and other government programs. The "Procurement Fraud Working Group" will consist of representatives from several federal agencies including the FBI, DoD, NRO, DHS, DOS and DOT. The Working Group will facilitate the exchange of information among participant agencies and assist them in developing new strategies to prevent and promote early detection of procurement fraud. The initiative is described in a separate paper entitled: "Combating Procurement Fraud: An Initiative to Increase Prevention and Prosecution of Fraud in the Federal Procurement System."

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