REPORT OF INVESTIGATION

9310465E-21-JAN-93-20AT-E3P/F

LOCKHEED AERONAUTICAL SYSTEMS COMPANY, Marietta, GA

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AFOSI, Smyrna

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NARRATIVE

1. Investigation was initiated following information developed from an ongoing DCIS-AT investigation with the Internal Revenue Service-Criminal Investigations Division (IRS-CID) and the United States Air Force-Office of Special Investigations (OSI) into bribery/kickbacks of officials at the Lockheed Aeronautical Systems Company (Lockheed) now known as Lockheed Martin Corporation, CCN: 901026X-15-DEC-89-25AT-A2P, Marietta, GA. The developed information indicated [REDACTED] Lockheed facilities manager, was involved in a scheme with an independent real estate appraiser with Marpa Realty, Marietta, GA, to over-appraise the value of Lockheed executives' homes during a Lockheed relocation buyback program.

2. Lockheed, through a relocation company called PHH Homeequity, purchased the executives' homes in Georgia in 1989 and 1990, based on an average of two or three appraisals. Costs and losses associated with the final sale of the homes were charged to overhead accounts associated with U.S. Air Force contracts.

3. Criminal prosecution was declined and on July 14, 1997, Lockheed entered into a settlement with the Civil Division, Northern District of Georgia, U.S. Department of Justice, to pay $202,500. The settlement satisfied claims previously made by Lockheed regarding relocation expenses of employees.

4. All judicial, civil and criminal action has been completed. No management control deficiencies were disclosed. This investigation is considered closed with submission of this report.