



# Department of Justice

FOR IMMEDIATE RELEASE  
FRIDAY, JULY 20, 2007  
WWW.USDOJ.GOV

CRM  
(202) 514-2008  
TDD (202) 514-1888

**FORMER LOCKHEED MARTIN EMPLOYEES' POLITICAL ACTION COMMITTEE  
OFFICIAL PLEADS GUILTY TO WIRE FRAUD AND MAKING FALSE  
STATEMENTS TO THE FEDERAL ELECTION COMMISSION**

WASHINGTON – A former deputy manager and treasurer for Lockheed Martin Corporation's political action committee has pleaded guilty to wire fraud and making false statements to the Federal Election Commission (FEC), Assistant Attorney General Alice S. Fisher of the Criminal Division announced today.

Kenneth D. Phelps, 38, of Woodbridge, Va., entered the plea today before U.S. District Judge Paul L. Friedman of the District of Columbia, to 12 counts of wire fraud and 12 counts of making a false statement. Phelps faces a maximum of 20 years in prison and a \$250,000 fine on each of the wire fraud charges, and up to five years in prison and a \$250,000 fine on each of the false statements charges. Sentencing is scheduled for Oct. 23, 2007, at 9:00 a.m. EDT.

Phelps was a deputy manager and treasurer for Lockheed Martin Corporation, whose duties included, among other things, preparing contribution checks for distribution to federal and state candidates, keeping track of disbursements and receipts within the computer system of the Lockheed Martin Employees' Political Action Committee (Lockheed PAC), and making periodic required filings with the FEC on Lockheed PAC's behalf.

Phelps admitted that from in or about January 2002, and continuing to on or about Dec. 5, 2003, he developed a scheme whereby he took Lockheed PAC checks totaling approximately \$160,000, and wrote the checks to himself instead of to federal political candidates or campaigns. Phelps then forged the signatures of two Lockheed PAC executives who, unlike himself, had signatory authority, and deposited those checks into his personal bank account for his personal use.

Phelps admitted that he wrote checks to himself in amounts commonly associated with federal political contributions made by Lockheed PAC in order to evade detection of his theft. He also used Lockheed PAC's computer system to change the payee information concerning each check that he wrote to himself to make it appear that the check had actually been written to a federal political candidate or campaign. Finally, Phelps concealed the existence of these payments from the FEC by electronically transmitting on behalf of Lockheed PAC and from its office in Arlington, Va., 12 required filings to the FEC's office in Washington, D.C. that contained false information concerning the true recipient of the checks.

The case is being prosecuted by Trial Attorneys Nicholas A. Marsh and Shaun M. Palmer of the Public Integrity Section, headed by William M Welch II, Chief. The case was investigated by the Federal Bureau of Investigation, Washington Field Office.

###

07-532