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Kellogg Brown & Root Ordered to Pay for Accepting Kickbacks

U.S. Attorney's Office
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Eastern District of Texas
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BEAUMONT, TX—A military contractor has been levied with a monetary judgment for accepting gifts and gratuities from sub-contractors, announced Eastern District of Texas U.S. Attorney John M. Bales today.

On Oct. 15, 2015, Kellogg Brown & Root, Inc. (KBR) was ordered to pay a final judgment of \$108,342.10 to the United States by U.S. District Judge Marcia Crone.

According to court documents, KBR, a Delaware corporation with its principal place of business in Houston, violated provisions of the Anti-Kickback Act, 41 U.S.C. § 8706, when KBR employees improperly accepted gifts and gratuities, including expensive dinners, golf outings and event tickets from various sub-contractors while KBR was providing logistic services to the United States Army Operations Support Command contract known as LOGCAP III. LOGCAP III was awarded to KBR for the provision of logistical support to the Army in Iraq and Afghanistan. Final judgment was ordered following a four-day bench trial in June 2015.

The kickbacks first came to light during an investigation of fraudulent billings in another case. At that time it was revealed that from 2003 to 2005, several managers in the KBR traffic department had accepted illegal benefits from two subcontractors, Eagle Global Logistics EGL and Panalpina, Inc. Both subcontractors previously settled claims for kickback violations without admitting liability.

“The business of paying and accepting kickbacks to gain or keep government business is an age-old practice, but it is an obnoxious one and a violation of the trust that companies and individuals should be held to when doing business on behalf of the nation,” said U.S. Attorney Bales. “The Court’s verdict underscores that principal and we commend and celebrate its judgment. The United States Attorney’s office will remain vigilant to detect and to prosecute future violations—there will be zero tolerance for any kickbacks.”

The case was investigated by the Federal Bureau of Investigation and Defense Criminal Investigative Services. The case was prosecuted by Samuel Buffone, Kelley Hauser and Glenn Harris from the Department of Justice, Civil Division, and Michael Lockhart, Assistant U.S. Attorney for the Eastern District of Texas.

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