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Department of Justice

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District of Maryland

FOR IMMEDIATE RELEASE

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Two Former Army Officials and Contractor Indicted for Bribery Scheme Involving Contracts at Aberdeen Proving Ground

Baltimore, Maryland – A federal grand jury has returned a superseding indictment charging John Kays, age 42, his wife, Danielle N. Kays, age 41, both of Bel Air, Maryland, and Matthew Barrow, age 42, of Toledo, Ohio, with conspiracy and bribery charges related to contracting at the U.S. Army Communications-Electronics Command headquartered at Aberdeen Proving Ground (APG), in Harford County, Maryland. The superseding indictment adds Danielle Kays as a defendant, and charges John and Danielle Kays with making false statements on their government ethics forms. The superseding indictment was returned on January 17, 2017, and unsealed today.

The superseding indictment was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Special Agent in Charge Robert E. Craig, Jr. of the Defense Criminal Investigative Service - Mid-Atlantic Field Office; Special Agent in Charge L. Scott Moreland, Mid-Atlantic Fraud Field Office, Major Procurement Fraud Unit, U.S. Army Criminal Investigation Command; and Special Agent in Charge Gordon B. Johnson of the Federal Bureau of Investigation, Baltimore Field Office.

In March 2006, the U.S. Army Contracting Command at APG awarded a 10-year, \$19.2 billion contract to seven prime contractors to provide technology services to support the integrated engineering, business operations, and logistics needs for the Army. John and Danielle Kays each had leadership positions related to this contract. From September 2006 through April 2011, a series of task orders for services pursuant to the contract were placed.

According to the seven-count superseding indictment, John and Danielle Kays were civilian employees who represented the Army on these types of multi-year contracts. From January 2011 until his resignation from government service in July 2014, John Kays held the position of Deputy

Project Manager for Mission Command, in effect the number two position for Mission Command. From June 2009 through June 2012, Danielle Kays was the Deputy Director of the Technical Management Division, and from 2012 until her resignation from government employment in October 2015, Danielle Kays was the Product Director of Common Hardware Systems. Barrow was the President and owner of MJ-6, LLC, a company which he and his wife formed in Ohio in 2008 to obtain military subcontracts. From June 2008 through August 2010, Barrow was also employed as a procurement manager by a glass company in Ohio.

The superseding indictment alleges that from August 2008 to June 2014, John and Danielle Kays agreed to take official actions favorable to Barrow and MJ-6 in return for Barrow paying them a total of approximately \$800,000. Specifically, the Kays used their official positions to add MJ-6 as a subcontractor acceptable to the Army, to steer potential employees for government contractors to work for MJ-6, to approve MJ-6 employees to work on various TOs, and to approve the pay rates, status reports, and travel reimbursements for MJ-6 employees. The indictment alleges that the Kays steered subcontracts worth approximately \$21 million to MJ-6.

In order to conceal their corrupt relationship Barrow caused the glass company he worked for to purportedly enter into contracts and make payments to Transportation Logistics Services, LLC, a company incorporated by John Kays; and later made payments to the Kays in cash, which Barrow allegedly withdrew from his personal accounts and from MJ-6 accounts. According to the superseding indictment, Barrow withdrew the money in amounts less than \$10,000 to avoid bank reporting requirements. To further conceal the scheme, the superseding indictment alleges that John and Danielle Kays made false statements on the government ethics forms that they were required to file by failing to disclose the cash payments received from Barrow. According to the superseding indictment, the Kays used the cash for their personal benefit, including: purchasing two new vehicles; a power boat, jewelry, a pool party at their country club, and to pay credit card bills.

John Kays, Danielle Kays, and Barrow each face a maximum sentence of five years in prison for conspiracy, and a maximum of 15 years in prison for bribery, \$250,000 per count in criminal fines or three times the value of whatever the Kays were illegally paid, plus forfeiture of the proceeds of the offense. John and Danielle Kays both face a maximum of five years in prison for each of two counts of making false statements. The court has entered an order restraining assets of the Kays in Harford County including real estate, a Nissan Armada, a 2012 BMW, a 2012 Yamaha power boat and a pair of diamond earrings. An order has also been entered restraining the assets of Barrow in Toledo, including, two pieces of real estate, a 2016 GMC Yukon, 2015 Buick Enclave, a 2011 GMC Yukon Denali, a power boat, a Wave Runner and funds in three bank accounts.

Kays will have her initial appearance in U.S. District Court in Baltimore on Friday, January 23, 2017, at 11 a.m. before U.S. Magistrate Judge A. David Copperthite. No court appearance has been scheduled yet for John Kays and Matthew Barrow.

An indictment is not a finding of guilt. An individual charged by indictment is presumed innocent unless and until proven guilty at some later criminal proceedings.

The National Procurement Fraud Task Force was formed in October 2006 to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in government contracting activity for national security and other government programs. The Procurement Fraud Task Force includes the United States Attorneys' Offices, the FBI, the U.S. Inspectors General community and a number of other federal law enforcement agencies. This case, as well as other cases brought by members of the Task Force, demonstrates the Department of Justice's commitment to helping ensure the integrity of the government procurement process.

United States Attorney Rod J. Rosenstein thanked the DCIS, Army Criminal Investigation Command, and FBI for their work in the investigation. Mr. Rosenstein praised Assistant U.S. Attorneys Joyce K. McDonald and Harry M. Gruber, who are prosecuting the case.

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