



U. S. Department of Justice

News Release

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**THREE FACE FEDERAL CHARGES IN A MILITARY
PROCUREMENT FRAUD SCHEME INVOLVING HELICOPTERS THAT SUPPORT THE
PRESIDENT**

RALEIGH - United States Attorney Thomas G. Walker announces that a federal grand jury in Raleigh, North Carolina returned a 5 count indictment charging **CRAIG KOLHAGEN, DENNIS PENNINGTON,** and **JAMES BOWLING** with conspiracy to commit wire fraud, wire fraud, major fraud against the government, and procurement fraud.

The Grand Jury charges that, from 2011 until December 2013, **KOLHAGEN, PENNINGTON,** and **BOWLING** engaged in a conspiracy to defraud the United States in connection with a bid proposal for a contract to perform maintenance work on helicopters in Marine Helicopter Squadron One (HMX-1). The HMX-1 squadron is tasked with providing helicopter transport to the President of the United States, among other duties.

KOLHAGEN, who is a Chief Warrant Officer in the United States Marine Corps, had been the Contracting Officer's Representative for the HMX-1 squadron. **BOWLING** and **PENNINGTON**

are retired Marine Corps senior non-commissioned officers, who served as helicopter mechanics during their military careers. Currently, **PENNINGTON** is Chief Executive Officer and **BOWLING** is President of Valour, LLC, a Louisiana-based defense contractor engaged in the business of helicopter repair for the military.

The Indictment alleges that **KOLHAGEN** illegally leaked confidential information regarding the cost of a proposed contract for the maintenance of HMX-1 helicopters. In turn, **PENNINGTON** and **BOWLING** unlawfully colluded with **KOLHAGEN** to artificially inflate the cost estimate of the bid proposal, and to draft the proposed contract's statement of work and technical requirements in a way to favor Valour over other potential bidders, according to the indictment.

Mr. Walker remarked, "This investigation highlights the unwavering determination of the Department of Justice to root out corruption in the military contracting process and to safeguard taxpayer dollars."

"We are committed to protecting Navy and USMC personnel and materiel assets, extending to ethical and equitable contracting practices" stated Andrew Traver, Director of the Naval Criminal Investigative Service.

These comments were underscored by Special Agent in Charge John F. Khin of the Defense Criminal Investigative Service, who said, "DCIS remains committed to working with its law

enforcement partners to investigate individuals who attempt to manipulate the procurement process for their own gain.”

The charges and allegations contained in the indictment are merely accusations, and the defendants are considered innocent unless and until proven guilty in a court of law. The case is being investigated by the Naval Criminal Investigative Service (NCIS) and the Defense Criminal Investigative Service (DCIS). Assistant United States Attorney Evan Rikhye is prosecuting the case for the government.

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