



*United States Attorney  
District of New Jersey*

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**OWNER OF DEFENSE CONTRACTING COMPANY CHARGED WITH  
WIRE FRAUD CONSPIRACY FOR PROVIDING  
NONCONFORMING PARTS TO GOVERNMENT**

TRENTON, N.J. – The former president of a Burlington, N.J.,-based defense contracting business was arrested and charged today with allegedly stealing \$3 million through fraudulent contracts with the U.S. Department of Defense, U.S. Attorney Paul J. Fishman announced.

Richard Melton, 44, of Moorestown, N.J., was charged by complaint with one count of conspiracy to commit wire fraud for receiving \$3 million from 2008 to 2009 as a result of allegedly fraudulent contracts with the U.S. Department of Defense (DoD). Melton is scheduled to make his initial court appearance this afternoon before U.S. Magistrate Judge Tonianne J. Bongiovanni in Trenton federal court.

According to documents filed in this case and statements made in court:

Melton was the founder, owner, and president of Partz Network LLC (Partz Network), a company located in Burlington. Melton owned and operated Partz Network from April 2003 to December 2009. Partz Network contracted with the government to supply the DoD with parts on small-dollar contracts. The majority of the contracts were for replacement parts for military rolling stock: trucks, trailers, and engineering equipment. The majority of Partz Network's DoD contracts required that the items provided be manufactured by DoD-recognized qualified manufacturers.

Melton and his conspirators allegedly lied on Partz Network's bids for DoD contracts, stating that they would be providing the "exact product" sought by the DoD, meaning that the product was manufactured by a DoD-recognized qualified manufacturer. In fact, Partz Network was allegedly providing parts made by unapproved, and oftentimes unknown, sources.

In 2007, the Defense Logistics Agency (DLA), a DoD contracting agency, became aware of reports of nonconforming parts being received from Partz Network. As a result, DLA required Partz Network to provide "traceability documents" to confirm that the items it was supplying were actually being manufactured by DoD recognized qualified manufacturers. Partz Network provided traceability documents and invoices to DLA regarding items provided under the DoD contracts.

When DLA researched the traceability documents supplied by Partz Network, DLA learned that the documents were either altered or completely fictitious.

For example, on Nov. 15, 2007, Partz Network submitted a bid electronically through the DoD's internet bid system to supply the DoD with 1,400 oil pans for \$53.85 per item. Partz Network represented that the company was providing the exact product manufactured by one of the two DoD-recognized qualified manufacturers. Partz Network was subsequently awarded the contract for 1,400 oil pans for a total contract price of \$75,390. Both the request for quotation (RFQ) and the final contract included the language that the exact product was required. The items ultimately provided by Partz Network were not the exact products required under the contract because the items were not manufactured by a qualified manufacturer. In fact, on Nov. 10, 2007, five days prior to Partz Network submitting its bid for the contract, Melton sent an e-mail to a Partz Network employee with a link to the DoD RFQ that stated the following: "Bid these (1400) HMMWW oil pans at \$53.85 and I will have them made overseas by [a company located in the People's Republic of China] or another overseas firm, 200-day lead time." Based on Partz Network documents related to that contract, Partz Network purchased the oil pans that were provided to the DoD from a company located in India in January 2008.

On Aug. 27, 2009, Partz Network was awarded a contract to supply the DoD with 887 bearing half sets for a total contract price of \$16,010.35. Partz Network certified that the items would be the exact product required under the contract. The items ultimately provided by Partz Network under the contract were not the exact products required because the items were not manufactured by the qualified manufacturer. DoD ultimately inspected the items and determined that the items were manufactured by an unapproved source.

The wire fraud conspiracy count with which Melton is charged carries a maximum potential penalty of 20 years in prison and a fine of \$250,000, or twice the gain or loss from the offense.

U.S. Attorney Fishman credited special agents of the U.S. Department of Defense, Criminal Investigative Service, under the direction of Director James Burch; special agents of Immigration and Customs Enforcement (ICE), Homeland Security Investigations (HIS), under the direction of Special Agent in Charge Andrew M. McLees, with the investigation leading to today's arrest.

The government is represented by Assistant U.S. Attorneys Fabiana Pierre-Louis of the U.S. Attorney's Office Criminal Division in Trenton and Evan Weitz of the Office's Asset Forfeiture Unit in Newark.

The charge and allegations contained in the complaint are merely accusations, and the defendant is considered innocent unless and until proven guilty.

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Defense counsel: Scott S. Christie Esq., Newark