

46A-PG-77123**Open Source Documents Mentioning Murtha**

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INSERT	<u>47</u>	ELECTRONIC PRINT ARTICLE FROM WALL STREET JOURNAL RE SEARCH
EMAIL	<u>56</u>	MURTHA'S BIG-GAME LINK
NEWSPAPE	<u>57</u>	FEDERAL RAID ON PLANT HAS RESIDENTS WORRIED
INSERT	<u>61</u>	AN ABC NEWS ARTICLE BY EMMA SCHWARTZ AND JUSTIN ROOD
NEWSPAPE	<u>92</u>	FIRMS TIED TO MURTHA HAVE TROUBLED PAST
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OTHER	<u>115</u>	EX-COLONELS SENTENCED IN MILITARY CONTRACT CASE
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NEWSPAPE	<u>121</u>	CONGRESSIONAL ETHICS OFFICE RECOMMENDS NO SANCTIONS AGAINST

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Sent: Monday, January 26, 2009 10:25 AM

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This article appeared in the WSJ last Friday, January 23, 2009

Federal agents raided two small Pennsylvania defense contractors that were given millions of dollars in federal funding by Rep. John Murtha, chairman of the defense appropriations committee and one of the most powerful men in Congress.

Kuchera Industries and Kuchera Defense Systems shut down for the day after the raid by officers from the Defense Criminal Investigative Service, the Federal Bureau of Investigation and an Internal Revenue Service criminal unit.

In a statement Thursday night, the Pittsburgh U.S. attorney confirmed that offices in Windber, Johnstown and Summerhill were raided "as part of an ongoing investigation." A second federal official said that ties to lawmakers would be examined as part of the probe.

A spokesman for Mr. Murtha, Matthew Mazonkey, said, "We know nothing more than what we've read in the press today," referring to an initial report on the Web site of the Tribune-Democrat newspaper in Johnstown. Messages left last night for Kuchera executives weren't returned.



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Pentagon auditors have been looking at the use of earmarks, which are special-interest spending items directed to a specific company by members of Congress. An Oct. 30, 2007, page-one story in The Wall Street Journal identified Rep. Murtha as the largest earmarker in the House.

Meanwhile, a senior Democratic lawmaker is pushing back on the Obama administration's choice for the No. 2 Pentagon official because of potential conflicts of interest and recent lobbying work for defense contractor Raytheon Co.

The new resistance comes a day after President Barack Obama unveiled tough lobbying rules to curtail such

conflicts.

William J. Lynn, the nominee to become deputy secretary of defense, is a former Pentagon official and Senate staffer. He was a registered lobbyist from 2003 through June 2008 while working as a senior executive in Raytheon's Washington office.

Michigan Democratic Sen. Carl Levin, chairman of the Senate Armed Services Committee, which must approve Mr. Lynn's appointment, said Thursday that he needed more information about how the administration planned to deal with his Raytheon ties in light of the new lobbying rules.

The issue came up last week at Mr. Lynn's confirmation hearing. At the hearing, he said he would follow the highest ethical standards. Mr. Lynn, 55 years old, couldn't be reached for comment Thursday.

A White House official said Thursday that the administration will provide Sen. Levin with whatever waiver language he may need. Raytheon declined to comment.

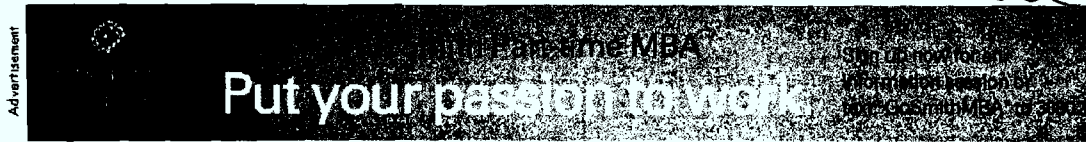
—Yochi J. Dreazen contributed to this article.

Write to John R. Wilke at john.wilke@wsj.com, August Cole at august.cole@dowjones.com and T.W. Farnam at timothy.farnam@wsj.com

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Murtha's 'Big-Game' Link

POSTED: 04:16 PM ET, 01/26/2009 by Derek Kravitz
TAGS: Congress, FBI, conflicts, ethics

A big-game ranch in western Pennsylvania, where longtime Rep. **John Murtha** (D-Pa.) threw a lavish \$100,000 fundraiser last year, is now at the center of a federal investigation.



Last week, federal agents raided a Kuchera Industries facility in Murtha's district along with John P. Murtha the homes of the electronic firm's founders, **Bill** and **Ronald Kuchera**. Authorities declined to release details of the investigation.

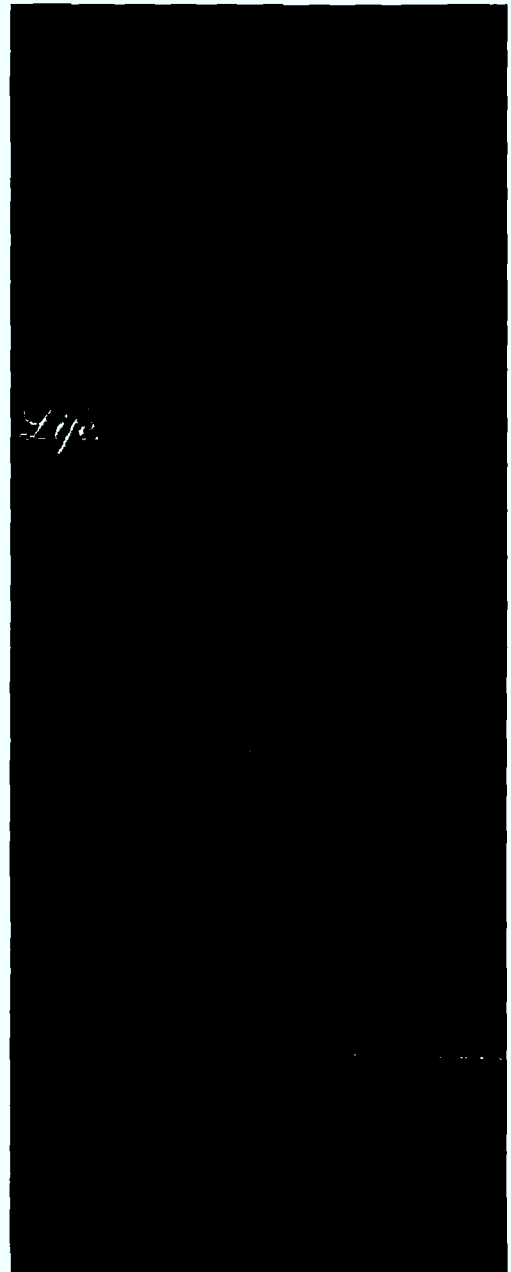
But unnamed sources told the Tribune Democrat in Johnstown, Pa., that the federal investigation is focused on the use of corporate money for "unapproved purposes," namely a 161-acre private ranch run by Bill Kuchera.

Customers at the LBK Game Ranch in Summerhill, Pa., located about 80 miles east of Pittsburgh, pay a fee to hunt big game on the site; records show the ranch rakes in about \$150,000 per year. Kuchera bought the property in May 2006 for roughly \$800,000.

The ranch has been used in recent years to entertain clients and, last year, Murtha used the site for a \$100,000 "high-end" fundraiser, according to the Tribune Democrat.

Federal Elections Commission records show that Kuchera Industries employees and their families contributed more than \$60,000 to Murtha over the past three election cycles, and congressional lobbying disclosure forms show \$140,000 in payments since 2001 from Kuchera to Ervin Technical Associates, whose chairman is Murtha ally and former Rep. **Joseph M. McDade** (R-Pa.).

In a 2006 Post article, Kuchera himself called Murtha "supportive of everything you can think of around here, from roads and sewers to defense contractors. But without Jack Murtha, there'd still be a Kuchera."



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Steven Bankier, CPA, CrFA

He was the sole forensic accountant for US Senate Whitewater Committee

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HOT COMMENTS

It is unbelievable that these people would jeopardize their careers over pennies. They all either have personal wealth or have jobs that pay very well. Maybe one could sympathize with a small businessman or farmer who employees dozens of people and has to cut corners wherever possible to stay competitive, but how sorry can one feel for someone with big bucks who pinches pennies from the pay of one or two individuals; at most they are saving a few thousand a year. Penny wise, pound foolish.
— Posted by csIntala79, 'Nanny' Issue Still Vexes Candidates

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Murtha is well known as a champion of pork-barrel spending in his district, which is made up of once-impooverished former steel towns. In 2007, he snagged \$162 million in federal earmarks, the most of any House member (he was named "Porker of the Year" by the watchdog group, Citizens Against Government Waste). "As the top Democrat on the House military spending subcommittee, he often delivers Democratic votes to Republican leaders in a **tacit exchange** for earmarks for himself and his allies," The New York Times noted.

Murtha's use of earmarks has come under attack in the past. In 1998, he helped start Concurrent Technologies, a tax-exempt charity that has grown into a **contracting powerhouse** despite its lackluster results. The Post's Robert O'Harrow found. Between 2003 and 2007, Concurrent received \$226 million in earmarks from Murtha and other lawmakers.

Murtha and Kuchera met in 2001, when a Murtha aide approached the defense contracting firm about a non-profit being started for disabled workers. Kuchera joined the board of the non-profit, began employing more disabled workers and hired Ervin Technical Associates as his lobbying firm.

Murtha spokesman **Matthew Mazonkey** told UPI that the 19-term congressman's office "has a working relationship with most companies in our district. As far as this case is concerned, we have not been contacted by any of the agencies involved."

Kuchera Industries received \$8.2 million in earmarks requested by Murtha last year.

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Federal raid on plant has residents worried

Documents seized
from company
in Somerset County

By Dennis B. Roddy
Pittsburgh Post-Gazette

WINDBER, Pa. - Federal agents swarmed over the Kuchera Defense Systems plant, taking trucks full of documents, disks full of computer records and names of employees, then vanished, leaving this town of 4,000 confused, wondering and a bit fearful.

"This may turn out to be nothing and it may turn out to be something," said J. Ted Hollern, one of the businessmen who count brothers William and Ronald Kuchera as civic assets - men who staked everything in 1985 to create a high-tech business that has grown into Windber's second-largest employer.

Be it something or nothing, this Somerset County town worries about the damage.

The Jan. 22 raid shut down the plant for a day. In a place that saw unemployment topping 20 percent in the 1980s in the region's last big recession, when the local steel and mining industries collapsed, there was a collective sigh of relief when Kuchera reopened for business the following morning.

"Windber and Somerset County certainly doesn't want to lose - what is it, 300 jobs?" said Dan Miller, a local car salesman.

Agents from the FBI, IRS and the Defense Criminal Investigative Service, rushed the plant on the edge of this former coal town as Kuchera's 300 employees showed up for work on a Thursday morning. Agents also searched the brothers' homes as well as the LBK Ranch, a private hunting preserve owned by William Kuchera in Croyle, about 20 miles away from the plant.

By day's end, agents were gone and in the ensuing days even the local grapevine has been devoid of a plausible theory for what prompted the raid.

Much of the speculation centers on the company's multi-million dollar federal defense contracts, among the hundreds of millions steered into this region by its powerful congressman, John P. Murtha, a Democrat from neighboring Johnstown. Kuchera began as a modest, computer-based business in 1985 and has since grown into a major contractor that does work on weapon guidance systems and recently developed a bomb-searching robot for the defense department.

The Kucheras have been supporters of the congressman, with the family donating roughly \$24,000 over the past five years - an amount not unusual for a defense contractor. Mr. Murtha has received far more from firms such as Grumman and Johnstown-based Concurrent Technologies Corp.

Mr. Murtha's office said it has not been contacted by any investigative agencies and noted that 36 of the firm's 37 defense contracts were won on open bids.

"These are two of the best men I can think of," said one Kuchera manager who escorted a reporter from the property.

Neither of the brothers responded to interview requests.

SEE KUCHERA. PAGE R-2

PgH Post GAZETTE

1-31-09

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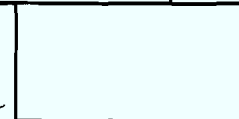
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P6" POST GAZETTE

1-31-09

B-1-B-2

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LBK Ranch, a private hunting preserve owned by William Kuchera in Croyle Township, about 20 miles away from the Kuchera Defense Systems plant at Windber.

Defense contractor raided by federal agents

KUCHERA, FROM PAGE B-1

The Kucheras, who both reside just over the border in adjoining Cambria County, have helped spur local businesses large and small. Mimo's restaurant regularly sees a flow of Kuchera employees on lunch break.

Likewise, Bob Rovder, a deliveryman for a Chinese restaurant in neighboring Richland, said the plant is a regular stop for him on Tuesdays.

"It houses a lot of jobs," he said. "It was good for \$40, \$50 in food orders. I can't think of anything bigger in Windber."

In fact, the local hospital, once a tiny affair that verged on extinction, has become a center for research as well as the Joyce Murtha Breast Care Center, a federal earmark-backed facility named for the congressman's wife. The medical complex employs roughly 450 people, according to Mr. Hollern.

"That's the fishy part of it all. They put those signs up. Those signs say government test facility."

— **Norman Long**, who runs a farm equipment repair shop down the road from LBK

While Kuchera Industries and related Kuchera Defense Systems were well-known to the locals, the LBK Ranch, named for Bill Kuchera and his wife, Lena, in Cambria County came as a surprise to many.

"I didn't know about it until I read about it in the paper," said Mr. Hollern. "I had no knowledge something like that existed."

The ranch originally was set up on 161 acres of woodland as a profit-making game preserve where well-heeled visitors could pay to hunt and shoot trophy game.

It is ringed by a high, green

fence dotted with signs reading "No Trespassing ... U.S. Govt. Test Facility."

Neighbors were at a loss to explain those signs.

"That's the fishy part of it all. They put those signs up. Those signs say government test facility," said Norman Long, who runs a farm equipment repair shop down the road from LBK.

Mr. Long said he used to hunt on the same tract when it was owned by John Costello, a local businessman who sold it to William Kuchera several years ago for about \$800,000.

Both Norman Long and his son, Ray, said the first

glimpse they had of the home William Kuchera remodeled and expanded on the site of the ranch was an aerial shot taken by a television news helicopter the day of the raid.

The LBK Ranch was the scene of a political fundraiser for Mr. Murtha in August.

Dennis McGlynn, an attorney for the Kucheras, said the brothers are unaware of any discrepancies in their books and had no idea what the authorities are looking for.

"Kuchera Defense Systems Inc. and Kuchera Industries Inc. would like to assure its employees, customers and the community that they are fully operating and are fulfilling all of their contractual obligations," Mr. McGlynn said in a statement released after the raids. "In addition, the companies will continue to cooperate with the government."

Dennis B. Roddy can be reached at 412-263-1965 or drod-dy@post-gazette.com.

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FBI Raided Lobbying Firm Connected To Murtha

Feds Narrowing In On Companies With Ties To Congressman

ABC News

By Emma Schwartz and Justin Rood

February 9, 2009

WASHINGTON, DC -- The **FBI** raided the offices of a defense lobbying firm with close ties to Democratic Rep. John Murtha (Penn.), sources tell ABC News.

The **FBI** searched the Virginia headquarters of the PMA Group in November, according to the sources, who spoke on the condition of anonymity. PMA was founded by former Murtha aide Paul Magliochetti and specializes in winning earmarked taxpayer funds for its clients. Good government groups have long criticized Murtha's cozy relationship with a handful of lobbyists and defense firms, ties that see millions of dollars in government spending go out from Murtha's office, and hundreds of thousands in campaign donations come in. Murtha has said his earmarking has helped revive his economically depressed district. PMA is the second company with close ties to Murtha to be raided by federal agents recently.

In January, agents from the **FBI**, the IRS and the Defense Criminal Investigative Service searched the office of Kuchera Industries and Kuchera Defense Systems, as well as the homes of the firms' founders. The companies reportedly have received over \$100 million in earmarks, thanks to Murtha's efforts. Investigators have not commented on their interest in the companies, and no official has suggested Murtha was involved in any suspected wrongdoing by the companies. While it is unclear whether Murtha is a target of the investigations, the heightened scrutiny of some of his closest donors and allies signals that the Feds may be inching closer to the 35-year-member of Congress, who chairs the powerful Defense Appropriations subcommittee. "The **FBI** is showing a lot of interest in" a lot of people around Murtha, said Keith Ashdown of Taxpayers for Common Sense. "If I was in Murtha's camp, I would not be sleeping at night."

A spokesperson for PMA Group, Patrick Dorton, confirmed the raid in a statement Monday afternoon. "Government representatives did come to the PMA offices. They requested a number of different kinds of information," Dorton said. "The firm is cooperating with their requests." Asked if Murtha had been contacted by the **FBI** or if he believed he was the target of an investigation, spokesman Matthew Mazonkey said "no and no," adding, "I'm not going to waste my time with sensationalized journalism."

The PMA Group And Murtha

The PMA Group has benefited mightily from its ties to Murtha. In 2008, it brought in \$13.8 million in revenue representing dozens of defense companies and contractors, many of which have donated heavily to Murtha. The veteran Pennsylvania Democrat has helped the firm secure millions in federal earmark dollars. Indeed, in 2008, PMA clients won \$299 million in earmarks, according to figures compiled by Taxpayers for Common Sense. While the firm represents some defense giants like Lockheed Martin and General Dynamics, a large portion of their business comes from small defense firms headquartered in and around Murtha's district. In addition to Magliochetti, at least one other former Murtha aide, Julie Giardina, also works at PMA.

The watchdog group Citizens for Responsibility and Ethics in Washington has called Murtha one of the most corrupt members of Congress, for taking hundreds of thousands of dollars in contributions from companies and writing them millions of dollars in earmarks. Murtha has declined to comment on the designation. Soon after the raid on PMA's offices, the firm's other senior members began talking to founder Magliochetti about an arrangement that would include him leaving the firm, according to the National Journal. Asked with these discussions were related to the raid, Dorton declined to comment. Murtha is no stranger to controversy. In the late 1970s, he was targeted in the "Abscam" scandal, a three-year **FBI** sting in which agents posed as representatives of an Arab sheik and offered suitcases of

cash to lawmakers for favors. According to reports at the time, Murtha declined the undercover agents' cash offer, but suggested the "sheik" find a way to invest the money in his home district.

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Firms Tied to Murtha Have Troubled Past

Companies Under Investigation Have Gotten Millions in Earmarks

By Carol D. Leonnig and Alice Crites
Washington Post Staff Writers
Friday, June 5, 2009

CROYLE TOWNSHIP, Pa. -- Inside the LBK Ranch, a private game preserve on a scenic hilltop here, guests mingle at a stone lodge after hunting deer and wild boar. Signs posted at intervals along the fence warn: "No Trespassing: U.S. Govt. Testing Facility."

Defense firm owner Bill Kuchera and his wife, Lena, the owners of the 161-acre property, live in an upscale log home within the preserve and go to extensive efforts to keep out strangers. There are no visible signs of government testing, but behind the 10-foot fence and electronic gate lies the answer to a politically sensitive question now under federal scrutiny: whether Kuchera's companies padded their Pentagon billings and diverted taxpayer money to their own pet projects.

In January, federal agents raided the ranch, along with the homes of Bill Kuchera and his younger brother Ron and the offices of two Kuchera companies. Federal authorities are investigating tips from company insiders suggesting that taxpayers were billed improperly for Kuchera family expenses and ranch renovations, according to sources familiar with the probe. Tens of millions of dollars in Defense Department contracts have flowed to Kuchera's companies because of the local congressman, Democratic Rep. John P. Murtha, the chairman of the House Appropriations defense subcommittee. The Navy recently suspended the company from future contracts while the investigation proceeds.

Murtha, who was celebrated at the LBK Ranch with a fundraiser held in his honor, last week sidestepped questions about \$50 million in earmarked funds and contracts he has helped direct to Kuchera Defense Systems and Kuchera Industries Inc. since 2001. But newly obtained documents and interviews show that the current federal investigation is only the latest chapter in the troubled history of the Kuchera brothers' business ventures.

The Kucheras have a complicated family history that involves drug-running and a family feud that left the brothers in control of the companies. Over time they became affluent and respected defense contractors in their home town near Johnstown, Pa.

Before Bill Kuchera produced electronics and robotic equipment for the Pentagon, he helped run thousands of pounds of marijuana and some cocaine from Miami to sell in Racine, Wis., according to criminal records and accounts of others involved in the drug operation. Bill Kuchera pleaded guilty to a single and lesser felony distribution charge in 1982 after cooperating witnesses implicated other Kuchera family members in helping store drugs at the family home. Ron Kuchera and the boys' parents were never prosecuted.

SLIDESHOW

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A booth for the Kuchera companies is part of the Showcase for Commerce trade show in Johnstown, Pa. Bill Kuchera is at the far right. (By Gene J. Puskar — Associated Press)

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Bill and Ron Kuchera's uncle, Michael Kuchera, the founder of the original Kuchera Industries Inc., told The Washington Post that his nephews tricked him into selling the business to a shell corporation they secretly controlled.

Dennis McGlynn, an attorney for the Kuchera brothers, said he thought Michael Kuchera knew he was selling the business to his nephews, whom McGlynn said he represented in the sale. He said the Kuchera companies are appealing the Navy's suspension and he has no evidence of improper billing. He declined to comment on other questions.

"In defense of Bill and Ron, these people have hired top notch engineers, computer techs and line people," McGlynn said. "They produce excellent products. I am certain that all of the general contractors who use KDS will tell you that their work is unparalleled."

Murtha, through a spokesman, declined to comment.

Known as "Billy" and "Ronnie" to friends, the Kucheras grew up in Racine but tried several times to make a living in their family's native Cambria County, Pa. In the mid-1970s, Bill Kuchera ran a bar near Johnstown, and his uncle Mike ran an electronics supply store.

After the 1977 Johnstown flood, both family enterprises were wiped out by the town's economic downturn. The uncle tried to rebuild slowly. Bill and Ron Kuchera moved back to Racine, where Bill sold fireworks imported from the South.

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Firms Tied to Murtha Have Troubled Past

Childhood friend Peter Whorley suggested to Bill that he could make more if they teamed up to run marijuana from Miami, according to court and criminal records.

Business was lucrative until Whorley and Bill Kuchera were arrested in 1981, Wisconsin criminal records show. They were sentenced to several years in federal prison. Kuchera served 11 months.

After his release, Bill Kuchera struggled to run a small corner grocery in Racine. In 1985, he asked his uncle Mike for a job with Kuchera Industries, or KII, which then built electronic circuit boards.

"He said, 'I want to make a fresh start,'" Michael Kuchera said. "He was family, and I wanted to help. I made him my full partner: 50-50." The uncle put Bill in charge of running the plant. Ron joined them.

Also fresh out of prison, Whorley provided names of government contracting officials he learned about from fellow prisoners. Whorley said he invested \$50,000 in KII for a share of the profits and steered the Kucheras to his contacts at the Census Bureau, where they won federal work.

But Whorley continued selling drugs, earning a 10-year prison sentence with his next federal conviction. He later filed a lawsuit claiming that Bill Kuchera cheated him out of his share of the firm's profits, but it was unsuccessful.

For a long time, business hummed along. But new tensions arose within KII. Michael Kuchera said he grew upset when customers warned him that Bill had paid them cash "gifts" to retain their business. In 1993, Michael Kuchera said, Bill persuaded his uncle to sell the company to a local buyer Bill had found. Months later, Michael Kuchera said he discovered that he actually had signed over his company to an entity controlled by his nephews. He said he consulted a lawyer, who told him there was little he could do.

By 1994, the Kuchera brothers had moved their operations to Windber, Pa., 11 miles east of Johnstown, with hope of winning defense contracts that Murtha said he wanted to bring to the district. They partnered with Hughes Aircraft as part of a Defense Department mentor-protégé program. Kuchera Defense Systems qualified as a small, disadvantaged business, because it reported that at least 20 percent of its employees were disabled, meeting the government's standard. Raytheon became Kuchera Defense Systems' mentor after it acquired Hughes, a partnership that Murtha's office said the lawmaker encouraged.

"Without Raytheon and without Congressman Murtha, there would be no Kuchera Defense,"

SLIDESHOW

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A booth for the Kuchera companies is part of the Showcase for Commerce trade show in Johnstown, Pa. Bill Kuchera is at the far right. (By Gene J. Puskar -- Associated Press)

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Bill Kuchera said in a 2000 interview.

Kuchera also hired a high-powered lobbying firm, Ervin Technical Associates, whose chairman is longtime Murtha friend and former congressman Joseph M. McDade (R-Pa.). Kuchera employees and their spouses have donated more than \$106,000 to Murtha's political action and campaign committees.

The first mentorship contract -- \$5 million in 1994 -- called for KDS and three other companies to produce missile and communication systems

components for Hughes. Work volume grew each year. In 2002, Raytheon gave Kuchera a \$41 million, five-year Navy contract to assemble surface search radar systems to spot ships, part of a Murtha-supported earmark. In 2006, Murtha announced that Northrop Grumman, Raytheon, Coherent Systems and the Air Force would give Kuchera five contracts worth \$7 million in just the first year. Much of the work was new to the company.

"These contracts involve new programs for Kuchera, which further diversifies their work load across various programs," Murtha said in a statement.

Last year, Murtha announced that Raytheon's missile division would give the company a \$25.7 million contract to manufacture telemetry units for an air-to-air missile and \$1 million for additional engineering and design work. Today, the company's long-term military contracts could be worth more than \$100 million over the next decade. Defense investigators have asked Raytheon for Kuchera invoices, according to sources. Raytheon spokesman Anne Marie Squeo said in a statement that Raytheon is complying with all its requirements under federal contracting regulations.

Last year, acting on tips from people with information about company operations, investigators began scrutinizing Kuchera's billing and whether federal funds had been used improperly, including for renovations and laptops. The investigators also are looking into invoices submitted by corporations run by Kuchera family members and friends, one source said.

In the raid of the ranch, federal investigators confiscated nine guns, Bill Kuchera's rifles and shotguns. While the Defense Department had signed off on the executive controlling tens of millions of dollars in defense work, his felony conviction made it illegal for him to possess a firearm.

On a recent visit, two scowling employees on an all-terrain vehicle zoomed out to the property perimeter to monitor reporters who stood outside the ranch fence to get a look inside."

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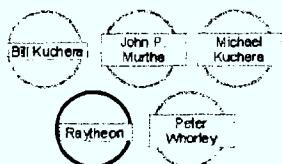
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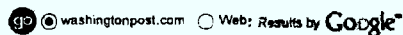
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Two former drug dealers tied to Murtha-backed firm

By PETE YOST

The Associated Press

WASHINGTON — Rep. John Murtha steered millions of dollars in defense work to a campaign donor and the Pentagon went along with it, even though two convicted drug dealers had been deeply involved with the company.

Records filed in U.S. District Court in Pittsburgh starting in 2005 raise questions about whether the government ever checked into the background of William Kuchera of Windber, a constituent who has been doing government work for more than 20 years.

The records point to the political peril of Murtha, a Pennsylvania Democrat, and other members of Congress directing federal funds to particular contractors.

The companies owned by William Kuchera and his brother Ronald — Kuchera Defense Systems and Kuchera Industries Inc. — have received \$53 million in federal contracts in this decade alone.

According to the court records, Kuchera was convicted of marijuana distribution in 1982 in Wisconsin.

In addition, a man who describes himself as an early partner in Kuchera's

business in the 1980s is a convicted cocaine dealer who has served two terms in prison, according to the records.

The early investor in Kuchera Industries Inc., Peter Whorley, sued Kuchera for a share of the money Kuchera has collected in federal contracts. Whorley lost the case when it went to arbitration.

On Friday, Kuchera's lawyer said that his client had served nine months in prison and since that time "has built two highly successful and reputable companies with enviable records of quality, first-rate work."

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Kuchera haunted by '82 drug conviction

BY RANDY GRIFFITH
RGRIFITH@TRIBDEM.COM

A 27-year-old drug conviction has come back to haunt a local businessman and U.S. Rep. John Murtha.

But William Kuchera says the history should have no affect on Kuchera Defense Systems' work for the federal government.

Court records show Kuchera was convicted of marijuana distribution in 1982 in Wisconsin.

While several national media organizations have questioned whether the government checked out Kuchera's background, his attorney says it is not

an issue for the Windber company's government work.

"Twenty-seven years ago, William Kuchera spent nine months in prison for dealing in marijuana," Johnstown attorney Dennis M. McGlynn said in a statement. "The judge who sentenced him obviously hoped Mr. Kuchera would learn a lesson from this experience and would thereafter become a law-abiding and productive citizen."

"Mr. Kuchera has exceeded any reasonable expectations the judge could have had."

Kuchera has never had a Defense Department security clearance, and

has no access to information that requires a clearance, McGlynn said.

"Kuchera Defense Systems is not precluded from participating in work which would require a security clearance based on Mr. Kuchera's lack of clearance," McGlynn said.

Kuchera's past surfaced, in part, because of a 2005 lawsuit by a convicted cocaine dealer who claimed he was an early partner of Kuchera.

Peter Whorley claimed he is entitled to a portion of Kuchera's earnings because he invested about \$70,000 in the company's startup in 1985.

As The Tribune-Democrat reported

in February. Whorley's claims were "denied in their entirety" following binding arbitration hearings in federal court.

McGlynn's statement goes on to outline the success of Kuchera's business, noting Kuchera Industries' recognition as a leader in hiring disabled workers, making up about 20 percent of its work force.



Kuchera

Please see **KUCHERA, A2**

KUCHERA

Continued from A1

"In short, William Kuchera has built two highly successful and reputable companies with enviable records of quality, first-rate work," McGlynn wrote. "In doing so he has created 350 new jobs in the Johnstown area. He should be applauded for his accomplishments and not denigrated for a crime he committed almost three decades ago, for which he has paid his debt to society."

Several national media stories point to Kuchera's success in obtaining government work and funding through earmarks from Murtha. The companies

have received \$2 million in federal contracts since 2000. Last week, Murtha stepped, apparently, as Kuchera's companies' business are expected during Showa said.

"That's the Defense Department's job. That's not my job," Kuchera's offices were raided in January as part of a federal investigation, and the company was suspended from receiving new Navy contracts last month.

The FBI has not said that Murtha is a target of any investigation, and Murtha's staff has said that they "have not been contacted by any federal agency."

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THE TRIBUNE DEMOCRAT
Johnstown, PA

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Murtha ties questioned

By PETE YOST
Associated Press Writer

WASHINGTON — Rep. John Murtha steered millions of dollars in defense work to a campaign donor and the Pentagon went along with it, even though two convicted drug dealers had been deeply involved with the company.

Records filed in U.S. District Court in Pittsburgh starting in 2005 raise questions about

whether the government ever checked into the background of William Kuchera, of Windber, a constituent who has been doing government work for 20 years.

The records point to the political peril of Murtha, D-Johnstown, and other members of Congress directing federal funds to particular contractors, an oft-criticized process known as earmarking that has directed hundreds of billions of dollars in the federal

Continued on Page 4

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THE INDIANA GAZETTE
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Murtha's ties to company owned by convicted drug dealer questioned

Continued from Page 1

budget to favored contractors and programs over the past two decades.

The companies owned by William Kuchera and his brother Ronald — Kuchera Defense Systems and Kuchera Industries Inc. — have received \$53 million in federal contracts in this decade alone.

According to the court records, William Kuchera was convicted of marijuana distribution in 1982 in Wisconsin.

In addition, a man who describes himself as an early partner in Kuchera's business in the 1980s is a convicted cocaine dealer who has served two terms in prison, according to the records.

The man, Peter Whorley, sued the Kuchera companies and William Kuchera for a share of the money the companies have collected in federal contracts. Whorley lost the case when it went to arbitration.

On Friday, Kuchera's lawyer said that his client had served

nine months in prison and since that time "has built two highly successful and reputable companies with enviable records of quality, first-rate work."

In April, the Navy suspended Kuchera Defense Systems, William Kuchera and his brother for "alleged fraud," including "multiple incidents" of incorrect charges, along with allegations of defective pricing and ethical violations. Kuchera is appealing the suspension.

In 2007 and 2008, Murtha sponsored \$14.7 million in defense earmarks for Kuchera Defense Systems.

Before 2007, Congress did not disclose the identities of earmark sponsors, so it is impossible to say how much in earmarked funds Murtha directed to the Kuchera family business.

In one early link to Murtha, Kuchera made a \$1,000 campaign contribution to the congressman in March 1992.

Kuchera and his uncle started doing business in the mid-

1980s and Murtha became chairman of the House Appropriations defense subcommittee in 1989.

According to the court records, in 1985, William Kuchera approached his uncle, Michael, who was just starting up Kuchera Industries.

William Kuchera "confided to me that he had just spent time in prison and he was looking for a fresh start," Michael Kuchera said in an affidavit filed in federal court in 2005.

"After I agreed to go into business with my nephew, he introduced Peter Whorley to me," Michael Kuchera's affidavit states. "One day shortly after I had met Mr. Whorley, Bill told me that Peter had agreed to invest in the business."

Under questioning in the lawsuit, Whorley said that he had invested \$50,000 in the Kucheras' new business. Before that, Whorley said, he had been in prison for drug trafficking. Answering questions in the lawsuit, William Kuchera said that

the \$50,000 from Whorley was a personal loan that "helped for my living expenses, it helped with marketing expenses, it helped with sales expenses."

Whorley said that he and William Kuchera were best friends and that they had been involved in "drug dealings."

In the statement Friday, Kuchera's lawyer pointed to findings by the federal court in the lawsuit rejecting Whorley's claims in their entirety.

The court split the costs of the case, ordering Whorley to pay one-third and the Kuchera defendants to pay two-thirds.

"William Kuchera has built two highly successful and reputable companies with enviable records of quality, first-rate work," said Kuchera attorney Dennis McGlynn.

"In doing so, he has also created 360 new jobs in the Johnstown area. He should be applauded for his accomplishments and not denigrated for a crime he committed almost three decades ago."

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POST GAZETTE

7-15-09
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46A-PG-77123

Defense contractor tied to Murtha pleads guilty to taking kickbacks

By Dennis B. Roddy
Pittsburgh Post-Gazette

A former defense contractor with ties to U.S. Rep. John P. Murtha entered a plea of guilty in a Florida courtroom yesterday to accepting \$200,000 in kickbacks from a Pennsylvania subcontractor in a case that reaches from Pensacola beaches to Somerset County's hills.

Richard Ianieri, former CEO

of Coherent Systems International, is now expected to cooperate in a wider case involving a former Air Force contract supervisor accused of hiding his financial ties to a Florida engineering firm that did millions of dollars in defense work. He entered guilty pleas to two separate criminal complaints: charges filed in Pittsburgh for

SEE MURTHA, PAGE B-2

Contractor tied to Murtha pleads guilty

MURTHA, FROM PAGE B-1

accepting kickbacks, and a longer list of accusations in Florida that he defrauded the Air Force in a \$6 million contract.

While prosecutors did not outline full details of the agreement, what they described as kickbacks matched two consulting agreements Mr. Ianieri had with Kuchera Industries, a defense contractor based in Windber, Somerset County, just outside Johnstown. Kuchera has received millions in defense spending earmarks sponsored by Mr. Murtha.

In January, agents from the Defense Criminal Investigative Service, FBI and IRS raided the Kuchera plants

in Windber as well as the homes of Ronald and William Kuchera, brothers who own the company. The raid was part of a probe into allegations of overbilling and fraud on defense contracts, and the Navy earlier this year suspended the Kucheras from further defense contracts.

Among defense outlays being scrutinized by prosecutors was an \$8 million earmark written into a 2005 bill for tsunami relief. The Air Force had not requested the earmark, and Mr. Murtha's spokesman yesterday said the congressman had no recollection of how the earmark was placed in the tsunami bill.

As the chairman of the

House Appropriations defense subcommittee, Mr. Murtha wields broad powers to allocate billions of defense dollars.

Matthew Mazonkey, spokesman for Mr. Murtha, yesterday said the congressman had no control over the contractors.

"This case isn't about earmarks, it's about individuals within the defense industry and the Defense Department accused of defrauding the government," Mr. Mazonkey said. "If they broke the law then they should be held accountable for their actions."

Dennis B. Roddy can be reached at droddy@post-gazette.com or 412-263-1965.

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Murtha ally held by feds in kickback

By Paula Reed Ward
and Dennis B. Roddy
Pittsburgh Post-Gazette

Federal prosecutors filed corruption charges yesterday against a onetime defense contractor who has ties to both U.S. Rep. John Murtha and a suburban Johnstown defense contractor currently under criminal investigation.

Richard S. Ianieri, former president and CEO of Coherent Systems International Corp., was accused of accepting \$200,000 in kickbacks. He is charged through a criminal information and is expected to plead guilty.

No date has yet been set.

According to the court filing entered yesterday, Mr. Ianieri is accused of taking the kickbacks from a date unknown through January 2006 while an officer for Coherent, which was a prime contractor for the United States. The information charges that Mr. Ianieri "solicited and accepted kickbacks from 'K,' a subcontractor of the United States."

The government alleges that Mr. Ianieri took checks as kickbacks — one for \$102,832.29 and another for \$97,0153.56 — "which ... were provided for the purpose of improperly obtaining and

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MURTHA, FROM PAGE A-1

rewarding favorable treatment in connection with 'K's' subcontract relating to a government prime contract."

The information does not identify "K."

In April 2006, Mr. Murtha, D-Johnstown, touted a relationship between Coherent and Kuchera Defense Systems. Coherent, of Doylestown, Bucks County, working with Kuchera Defense Systems in Windber, Somerset County, had obtained more than \$30 million in 14 prime contracts for high-tech tools for the military.

A news release from the congressman announced that the two were "working virtually as one company."

Coherent employees designed, developed and tested the products, while Kuchera did the manufacturing.

In August 2007, Coherent became a subsidiary of Argon ST for approximately \$20 million, including debt assumption. Mr. Ianieri worked for Argon, based in Fairfax, Va., as the vice president for business development but left the company late last summer.

When contacted at his home in Doylestown last night, Mr. Ianieri referred questions to his attorney, who did not return a call seeking comment.

Yesterday's criminal information marked the first charges arising out of investigations into companies receiving defense earmarks — contracts targeted to specific projects and firms, usually at the behest of powerful members of Congress.

The charge comes six months after federal agents raided the offices of Kuchera Defense Systems and Kuchera Industries, a suburban Johnstown technology firm.

At the time of the raid, federal agents also searched the homes of the company's two owners, Ronald and William Kuchera.

Both firms have relied in the past on defense contracts directed through the office of Mr. Murtha, who did not immediately respond to requests for comment last night.

The congressman has not been officially named as a target of the ongoing investigation.

At the same time, he has been roundly criticized by some Republican House colleagues, as well as various reform groups, for his practice of directing billions in defense contracts to companies that set up shop in his district.

Since 2003, Mr. Ianieri and colleagues at Coherent have directed a total of \$72,950 in political donations to a number of congressmen, both Democrats and Republicans, with ties to the defense industry.

Twenty percent of that amount — \$14,000 — was given either to Mr. Murtha's re-election campaigns or to his political action committee.

When Coherent entered into the defense market in 2006, the company hired KSA Consulting, a Washington-based firm that once employed Mr. Murtha's brother, Kit, and which is headed by a trio of partners that includes Carmen Scialabba, a onetime Murtha aide.

Neither KSA, Kit Murtha nor Mr. Scialabba has been implicated in any wrongdoing in the ongoing probe.

As a joint team of FBI and IRS agents probes Kuchera, the federal Justice Department is continuing a separate investigation into the defunct lobbying firm PMA. Created by Paul Magliocchetti, a Pittsburgh native who worked as a staff member on the House Appropriations defense subcommittee, the firm became the foremost lobbyist for defense dollars.

Federal agents searched PMA's offices in suburban Washington in November, carting away records.

Since that time, one member of the Appropriations Committee, U.S. Rep. Pete Visclosky, D-Ind., has been subpoenaed in connection with that investigation. Mr. Visclosky's former chief of staff was among a number of former congressional employees who joined PMA in its heyday.

THE BUSINESS INSIDER

Ex-colonels sentenced in military contract case

Associated Press | Oct. 14, 2009, 8:00 AM | 2 |

By MELISSA NELSON, Associated Press Writer

PENSACOLA, Fla. (AP) — A federal judge sentenced two former Air Force colonels to prison on Tuesday for destroying documents, lying to a grand jury and other crimes related to a wider fraud scheme by contractors and defense lobbyists with ties to a powerful Pennsylvania congressman.

The men, both engineers graduates of the U.S. Air Force Academy, are among those accused by federal prosecutors who are looking into alleged wrongdoing by contractors with ties to Rep. John Murtha, D-Pa., chairman of the House Appropriations Subcommittee on Defense.

Murtha has not been accused of criminal wrongdoing.

U.S. District Judge Lacey Collier sentenced Richard Schaller to 18 months in prison and five years probation. Schaller was convicted of helping Mark O'Hair, a supervisor at the research lab at Eglin Air Force Base, steer contracts to Schaller's defense contracting company.

O'Hair previously pleaded guilty to federal charges of false statements and conflict of interest. Collier sentenced O'Hair to six months in prison and three years probation — the strongest sentence he could give under the sentencing guidelines.

Also involved in the Eglin case is Richard Ianieri, the former chief executive for a defense contractor.

Ianieri set up a company in Murtha's congressional district and worked closely with another defense contractor in Murtha's district, William Kuchera. Kuchera's company has received tens of millions of dollars in congressional appropriations that were directed to the firm by Murtha.

Ianieri hired a lobbying firm that at the time employed Murtha's brother. After hiring the firm, Ianieri's company, Coherent Systems International Corp., received a congressional appropriation of more than \$8 million.

Around that time, Murtha announced in an April 2006 news release that Coherent and Kuchera Defense Systems were working "virtually as one company" on 14 contracts worth \$30 million to develop high-tech military gear.

Ianieri pleaded guilty July 20 to defrauding the Air Force and has been cooperating with federal prosecutors. His sentencing had been set for September, but was delayed indefinitely while he cooperates with the Justice Department in its ongoing probe.

On July 29, Ianieri testified at Schaller's trial in federal court in Pensacola, Fla., that Ianieri had taken \$200,000 in kickbacks from Kuchera's company, after providing the defense contractor with \$650,000 from the congressional appropriation of over \$8 million.

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Ianieri testified that O'Hair approved numerous invoices dividing the appropriation of over \$8 million among Ianieri's company and four smaller companies including Schaller engineering.

On Tuesday, Collier denied a request by Schaller to leave prison to attend his daughter's November wedding. Collier said he felt the retired colonel had shown no remorse for manipulating the earmark system.

U.S. Attorney Stephen Pressier said Schaller's conduct was a betrayal of his military service.

"It is inconsistent with the nobility that comes from being a retired officers of the U.S. Air Force. You have somebody that in his mind thinks that they are above the law," he said.

But Albert Oram, Schaller's attorney, said his client and O'Hair were trying to help airmen and soldiers on the ground by working to obtain earmark funding for high-tech research that would save lives in Iraq and Afghanistan. Oram said it was something Air Force officials encouraged.

Collier disagreed.

"The evil of the earmark process is that I don't even know how they come up with the money and the contractor that has the relationship with the congressman then gets the money," he said.



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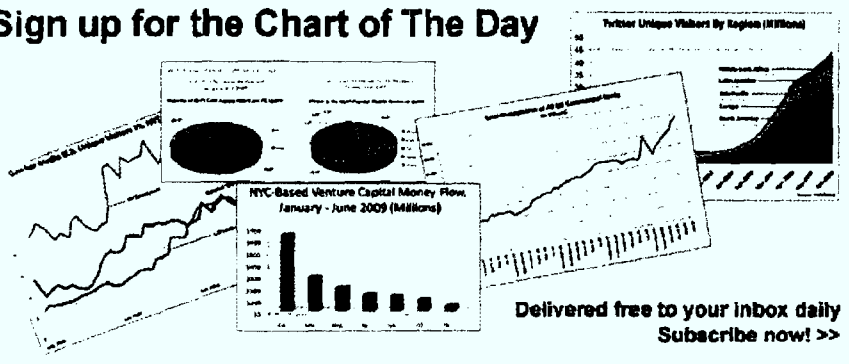


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Defense contractor suspended over kickbacks

Thursday, January 07, 2010

By Joe Mandak, The Associated Press

PITTSBURGH - A defense contractor with ties to Rep. John Murtha has been suspended again from bidding on government contracts, this time for paying more than \$200,000 in kickbacks to another contractor turned government witness.

Kuchera Defense Systems Inc., of Windber, was suspended Dec. 22 for allegedly paying off Richard Ianieri. Ianieri is awaiting sentencing Feb. 23 in U.S. District Court in Pensacola, Fla., after pleading guilty in July to fraud stemming from a research contract at Eglin Air Force Base in Florida.

Kuchera's attorney, Dennis McGlynn, said Kuchera was fighting the suspension and that it is based on information the Navy had in August - when the Navy previously took Kuchera off the Excluded Parties List System, a black book of contractors suspended from government work.

Kuchera was first suspended in April for overcharging the Navy and other ethical violations, but McGlynn said the company resolved those problems to the Navy's satisfaction.

Navy spokesman Lt. Cmdr. Victor Chen confirmed that, but said the new suspension was based on separate circumstances: kickbacks Kuchera paid to Coherent Systems International, a company co-founded by Ianieri.

Kuchera Defense Systems and Coherent have been awarded more than \$50 million apiece in defense work in the last decade, according to www.fedspending.org, a Web site on federal contracting.

In July, Ianieri testified about getting the kickbacks to steer \$650,000 worth of work to Kuchera from an \$8.2 million congressional earmark. Ianieri testified "there was political and earmark pressure" to shift the money - though he didn't say who applied such pressure.

Ianieri's firm had gotten the earmark after hiring a lobbying firm that employed Murtha's brother. The Johnstown Democrat's office refuses to say whether the congressman sponsored the earmark.

The criminal charges against Ianieri were first filed in Pittsburgh, where the U.S. Attorney's Office has acknowledged an investigation stemming from a January raid of Kuchera's offices.

Spokeswoman Margaret Philbin said today that federal prosecutors in Pittsburgh had no comment on that investigation or the latest suspension.

A spokesman for Murtha also declined to comment.

"This is an issue between Kuchera Defense and the U.S. Navy. It does not involve our office," Murtha spokesman Matthew Mazonkey said.

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Congressional Ethics Office recommends no sanctions against Murtha

Friday, December 18, 2009

By Daniel Malloy, Pittsburgh Post-Gazette

WASHINGTON -- The Office of Congressional Ethics has closed its corruption investigation into U.S. Rep. John Murtha and recommended no sanctions against the Johnstown Democrat.

Mr. Murtha received a letter this month that the Ethics Office would not recommend further investigation by the House Ethics Committee, according to a congressional source with knowledge of the investigation. The investigation had focused on a relationship between Mr. Murtha and the lobbying firm PMA Group.

PMA was founded by Pittsburgh native Paul Magliocchetti, a former appropriations committee staffer and friend of Mr. Murtha. The firm closed this spring after federal agents searched its offices and Mr. Magliocchetti's home to look for evidence that he used friends and family to steer donations to members of Congress, in violation of campaign finance laws.

Sources have told the Post-Gazette that federal investigators have asked Mr. Magliocchetti about Mr. Murtha.

Congressional probes focused on potential ties between federal earmarks and campaign donations to members of the defense appropriations subcommittee, chaired by Mr. Murtha.

Created by Congress in 2008, The Office of Congressional Ethics is a group comprised of private citizens that can look into alleged wrongdoing by members of Congress and make recommendations to the Ethics Committee. In this case, it recommended that there be no further investigat

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