



DEPARTMENT OF THE AIR FORCE

ARLINGTON, VA 22203-1613

APR 18 2011

Office of the Deputy General Counsel

VIA CERTIFIED MAIL

SAF/GCR  
4040 N. Fairfax Drive  
Suite 204  
Arlington, VA 22203

Mr. John Patrick Kennedy  
[REDACTED]

Re: Notice of Debarment

Mr. Kennedy:

Effective this date the Air Force has debarred you, John Patrick Kennedy, from Government contracting and from directly or indirectly receiving the benefits of federal assistance programs. This action is initiated pursuant to Federal Acquisition Regulation ("FAR") Subpart 9.4, Defense FAR Supplement 209.4 and Appendix H. and 2 C.F.R. Part 1125.

On March 18, 2011, the Air Force proposed you for debarment and afforded you the opportunity to submit information and argument in opposition to your proposed debarment. To date, you have not responded.

I have carefully considered all information contained in the Administrative Record and determined that a preponderance of the evidence establishes the existence of a cause for debarment. I have, therefore, concluded that debarment is in the public interest and is necessary to protect the Government's interests. The effects of debarment are those stated in the March 18, 2011, Notice of Proposed Debarment. Your debarment is effective immediately and continues for three years from March 18, 2011, the date you were proposed for debarment. Your debarment will terminate March 17, 2014.

Sincerely,  
[REDACTED]

STEVEN A. SHAW  
Deputy General Counsel  
(Contractor Responsibility)



**FILE COPY**

Office of the Deputy General Counsel

MEMORANDUM IN SUPPORT OF THE PROPOSED DEBARMENTS OF:

JOHN PATRICK KENNEDY  
ROBERT C. MARTHUSE, III  
GREGORY SALTAMACHIO

Effective this date, the Air Force has proposed the debarments of John Patrick Kennedy, Robert C. Marthouse, III, and Gregory Saltamachio from Government contracting and from directly or indirectly receiving the benefits of federal assistance programs. This action is initiated pursuant to Federal Acquisition Regulation ("FAR") Subpart 9.4.

INFORMATION IN THE RECORD

A preponderance of evidence in the administrative record establishes that at all times relevant hereto:

1. Lockheed Martin Corporation is a government contractor. Lockheed Martin Space Systems Company ("SSC") is a division of Lockheed Martin Corporation located in Denver, Colorado.

2. John Patrick Kennedy ("Kennedy"), Robert C. Marthouse, III ("Marthouse"), Gregory Saltamachio ("Saltamachio") (collectively, the "Subject Employees") are former employees of SSC.

3. In April 2010, Kennedy was investigated for inappropriate use of his Lockheed Martin corporate credit card issued by U.S. Bank. During the course of this investigation, an auditor in Lockheed Martin Enterprise Business Services ("EBS") began to suspect that Marthouse and Saltamachio had included inappropriate transactions in their travel expense reports which were similar to, or interconnected with, Kennedy's travel expense reports.

4. For example, the EBS auditor discovered that at some point, each of the Subject Employees had approved the other's expense reports; each of the Subject Employees had expensed an unusual number of business meals; and each of the Suspect Employees' expense reports substantially exceeded per diem charges.

5. Following these discoveries, SSC reviewed the Subject Employees' corporate credit card transactions and expense reports from January 1, 2008 through July 31, 2010. As part of the investigation, SSC obtained itemized vendor receipts, conducted computer forensics and document collection, searched the Subject Employees' offices, and conducted employee interviews.

6. As a result of the investigation, SSC determined that Kennedy, Marthouse, and Saltamachio had submitted and received reimbursements for inappropriate or falsified business expenses in the amounts of \$14,896, \$71,082, and \$51,611, respectively.

7. The Subject Employees utilized a variety of methods to falsify business expenses. For example, Marthouse created receipts to support non-existent expenses, and he submitted claims for personal meals and travel claimed to be business expenses. The Subject Employees also made a series of business trips to the New Orleans area where Marthouse expensed purchases of alcohol at a club as "business meals," even though receipts provided to SSC by the club verified the purchase of alcohol rather than food.

8. Another example of the Subject Employees' misconduct involved a business trip to Tokyo in April 2009. Following the trip, the Subject Employees submitted reimbursement to SSC for a "business meeting room rental" in the amount of \$7,000. SSC's investigation revealed that the \$7,000 reimbursement for the "business meeting room rental" was actually reimbursement for alcohol and entertainment purchases made by the Subject Employees at a Tokyo club.

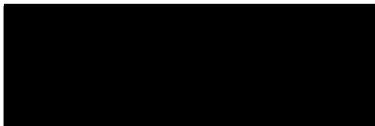
9. As a result of the investigation, Kennedy's employment was terminated on June 11, 2010. Saltamachio admitted to his misconduct and resigned from his employment on June 25, 2010. Marthouse refused to cooperate with SSC's investigation, and he resigned on June 24, 2010, just prior to his meeting with SSC's investigators.

#### BASES FOR THE PROPOSED DEBARMENTS

1. The improper conduct of Kennedy is of so serious or compelling a nature that it affects his present responsibility to be Government contractor or subcontractor and provides a separate independent basis for his debarment pursuant to FAR 9.406-2(c).

2. The improper conduct of Marthouse is of so serious or compelling a nature that it affects his present responsibility to be Government contractor or subcontractor and provides a separate independent basis for his debarment pursuant to FAR 9.406-2(c).

3. The improper conduct of Saltamachio is of so serious or compelling a nature that it affects his present responsibility to be Government contractor or subcontractor and provides a separate independent basis for his debarment pursuant to FAR 9.406-2(c).

  
STEVEN A. SHAW  
Deputy General Counsel  
(Contractor Responsibility)