



— THE UNITED STATES ATTORNEY'S OFFICE —
EASTERN DISTRICT OF CALIFORNIA

**United States Attorney Benjamin B. Wagner
Eastern District of California**

FOR IMMEDIATE RELEASE

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**Former Fresno Resident Pleads Guilty to Fraudulent Bonding Scheme
Involving Government Contracts**

FRESNO, Calif. — Abel Martin Carreon, 57, formerly of Fresno, pleaded guilty today to one count of mail fraud and one count of aggravated identity theft in connection with a scheme involving surety bonds and government contracts, United States Attorney Benjamin B. Wagner announced

According to court documents, between April 2005 and May 2011, Carreon devised and executed a scheme to defraud the United States and private companies seeking to perform contracted work for the United States. Through his company Tripartite Escrow Corporation (TEC), he offered bonding services to prospective government contractors throughout the United States that included bid bonds to secure a bid on a government contract and performance and payment bonds to insure the work on a government contract.

Surety bonds are required for certain federal government contracts. If a contractor defaults, the surety bonds compensate the government for the financial loss incurred. To be acceptable under federal regulations the bonding company must pledge acceptable assets with a value equal to or exceeding the amount of each bond, and submit a sworn affidavit disclosing the identity of the surety and verifying the existence and acceptability of the assets under penalty of prosecution.

According to the plea agreement, the bond packages Carreon submitted contained false statements and fraudulent documents. He pledged as collateral common stock that did not exist, was substantially less than represented, or was pledged across multiple bonds without full disclosure. He used forged notary stamps and notary signatures and other forged signatures on the bond documents.

Once the false and fraudulent performance and payment bonds were accepted by the contracting government agency and work began under the contract, the government would make payments on the contract to the contractor, including Carreon's bond premium. The United States and government contractors paid Carreon for false and fraudulent payment and performance bonds, which resulted in a loss of approximately \$1,253,000.

Department of Interior, Office of Inspector General Special Agent-In-Charge, David House stated: "This guilty plea represents the Department of Interior's, Office of Inspector General's commitment to pursue fraud involving the Department's programs and operations."

"As evidenced by the guilty plea entered into today by Mr. Abel Carreon, we remain steadfast in our commitment to maintaining the integrity of projects funded through Federal Highway Administration programs," said William Swallow, regional Special Agent-in-Charge of USDOT's Office of Inspector General. "Working with our law enforcement

and prosecutorial colleagues, we will continue to protect the taxpayers' investment in our nation's infrastructure from fraud, waste, abuse and violations of law."

"We remain committed to fighting white collar crime affecting the United States and the General Services Administration," said U.S. General Services Administration Acting Inspector General Robert C. Erickson.

"The Department of Homeland Security (DHS), Office of Inspector General's (OIG) highest priority is to ensure the integrity of the Department's programs and operations. Today's guilty plea by Abel Martin Carreon reaffirms the DHS OIG's commitment to aggressively pursue, investigate, and hold accountable those who commit fraud against the Federal Emergency Management Agency. Such egregious violations will not be tolerated. The DHS OIG, our law enforcement partners, and the U.S. Attorney's Office will continue to work tirelessly to bring justice to those who commit such fraud," stated Roger T. Merchant, Special Agent-in-Charge, Los Angeles Field Office.

"America's Warfighters deserve the very best to perform their jobs and the taxpayers expect nothing less. Fraud committed by defense contractors not only takes away precious resources necessary for the protection of our brave soldiers, airman and marines, it also undermines the confidence of the American public who demand that tax dollars are used responsibly. This investigation should serve as a warning for those intent on defrauding the U.S. military and American public that the Defense Criminal Investigative Service (DCIS) and our law enforcement partners will pursue these crimes relentlessly," said Chris Hendrickson, Special Agent in Charge, DCIS, Western Field Office.

This case is the product of an investigation by the U.S. Department of Transportation, Office of Inspector General; the Department of Interior, Office of Inspector General; the Department of Defense, Office of Inspector General; the U.S. Army, Criminal Investigation Division; the U.S. Air Force, Office of Special Investigations; the U.S. Department of Agriculture, Office of Inspector General; the Department of Homeland Security, Office of Inspector General; and the General Services Administration, Office of Inspector General. Assistant United States Attorney Henry Z. Carbajal III is prosecuting the case.

Carreon is scheduled to be sentenced on August 17, 2015, by United States District Judge Anthony W. Ishii. Carreon faces a maximum statutory penalty of 20 years in prison and a \$250,000 fine for mail fraud and a mandatory consecutive sentence of two years in prison for aggravated identity theft.