



The United States Attorney's Office

## District of Colorado

November 28, 2012

### **FORMER EMPLOYEE OF AURORA DEFENSE CONTRACTOR PAYS \$60,000 PENALTY AND ACKNOWLEDGES IMPROPERLY OBTAINING COMPETITORS' BID AND PROPOSAL INFORMATION**

DENVER – The United States Attorney for the District of Colorado announces that a former employee of Paragon Dynamics, a defense contractor based in Aurora, has agreed to pay \$60,000.00 for improperly obtaining competitors' bid and proposal information on contracts for the National Reconnaissance Office. Earlier this year, Paragon Dynamics paid \$1.15 million to resolve allegations that it violated the Procurement Integrity Act. With the agreement announced today, Ian Colle, the former Senior Director of Software Engineering for Paragon Dynamics, acknowledged his role in obtaining the bid and proposal information of Raytheon Corporation.

According to the terms of the agreement, Mr. Colle has paid a \$60,000.00 civil penalty. He also acknowledges that if this matter had gone to trial, the United States would be able to prove, by a preponderance of the evidence, certain facts alleged in the settlement agreement.

While an employee for Paragon Dynamics, Mr. Colle was assigned to work at a Raytheon Corporation facility in Aurora, Colorado, and provided assistance to Raytheon on certain projects. At some point no later than February 18, 2008, Mr. Colle used his access at Raytheon to search for and obtain competitors' bid and proposal information. On or about July 31, 2009, Mr. Colle used his access to Raytheon's computers to improperly obtain a letter signed by Raytheon's Chief Executive Officer that was to be included in Raytheon's proposal for a contract known as Antietam. Mr. Colle was then videotaped by a Raytheon security camera as he faxed this part of Raytheon's proposal to the president of Paragon Dynamics. An investigation subsequently revealed that among other things, Ian Colle had improperly obtained entire drafts of Raytheon's proposals for Antietam and a related contract proposal known as Savannah, as well as other documents.

"When contractors compete to win a government contract, they have to play by the rules," said United States Attorney John Walsh. "If they attempt to cheat in that process, through corporate espionage or other methods, the Department of Justice will hold them accountable with stiff penalties."

"The NRO remains committed to maintaining a business environment that promotes fair competition," said Eric Beatty, the NRO OIG Assistant Inspector General for Investigations. "Our success is a direct result of our partnerships with law enforcement agencies, and to those in government and industry who are willing to report wrongdoing."

"The settlement in this investigation is the result of a highly successful joint effort by the Defense Criminal Investigative Service (DCIS) and our law enforcement partners from the Federal Bureau of Investigation and the National Reconnaissance Office-Office of Inspector General," said Janice M. Flores, Special Agent in Charge of the DCIS Southwest Field Office. "This settlement highlights the Federal Government's continuing resolve to ensure those who violate the Procurement Integrity Act are held accountable for their actions."

"This case was initiated as a result of the continuing relationship with our corporate partners, in conjunction with our counterparts in the Office of the Inspector General within the National Reconnaissance Office, and the Defense Criminal Investigative Service," said FBI Denver Special Agent in Charge James Yacone. "Through these partnerships the FBI will continue to assist in detecting, deterring, and prosecuting those who illegally collect and share proprietary bid information for U.S. contracts."

The Procurement Integrity Act was originally enacted in the late 1980s in response to allegations of insider trading on government contractor procurement information. Among its provisions, the Procurement Integrity Act has clear prohibitions against disclosing or obtaining various types of contractor bid and proposal information. The Procurement Integrity Act is currently codified at 41 U.S.C. §§ 2201-2207.

The United States Attorney's Office acknowledges the cooperation and teamwork demonstrated by the governmental entities involved in today's recovery. Special thanks are extended to the Office of the Inspector General for the National Reconnaissance Office, the Defense Criminal Investigative Service, and the Denver Field Office of the Federal Bureau of Investigation.

Assistant United States Attorney J. Chris Larson handled this matter for the United States Attorney's Office.

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