



THE UNITED STATES ATTORNEYS OFFICE

WESTERN DISTRICT *of* KENTUCKY

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Former Army Energy Program Manager Faces Additional Charges Of Defrauding The Army At Fort Knox

LOUISVILLE, Ky. – A former Fort Knox Energy Program Manager was charged in a second superseding indictment today with devising multiple wire fraud schemes to defraud the United States and violating criminal conflict of interest laws, announced David J. Hale, United States Attorney for the Western District of Kentucky.

Gary T. Meredith, age 65, of Leitchfield, Kentucky is charged in a 38 count second superseding indictment. According to the indictment, while he was still a government employee Meredith violated federal conflict of interest laws by creating a contract establishing a lucrative post-retirement job for himself as a contractor with Nolin Rural Electric Cooperative Corporation (Nolin). In the process of creating the outside job as a contractor, Meredith is charged with fraudulently diverting to Nolin a \$582,329.85 credit received by the U.S. Army from Louisville Gas & Electric Company, for the purpose of funding his post-retirement contract position with Nolin.

Once Meredith began working as a Nolin contractor in October 2007, the indictment alleges that he violated another criminal conflict of interest law by representing Nolin before the Army, with the intent to influence, on the same contracts and matters that he had participated in personally and substantially before his retirement, while an Army employee. Meredith continued working as a Nolin contractor at Fort Knox until April 2012, when Senior District Judge John G. Heyburn II granted the United States' motion for a restraining order, in a separate civil lawsuit, which barred Meredith from continuing to receive payment for work in the contractor position.

The second superseding indictment further charges Meredith with numerous counts of wire fraud committed while a Nolin contractor, including:

1. Between January 2009 and August 2010, Meredith created a scheme to defraud the United States at Fort Knox by instructing Nolin to overbill for natural gas provided under Energy Conservation Order (ECO) 70. Meredith then approved the fraudulently inflated bills for payment, resulting in over \$320,000 in overpayments to Nolin.
2. Between January 25, 2010 and February 26, 2010, Meredith devised a scheme to defraud the United States Army at Fort Knox by instructing Nolin RECC to charge nearly \$200,000 in unauthorized ECO 68 related expenses (ECO 68 was never approved) to ECO 78, an unrelated but approved contract. Meredith then approved the fraudulent ECO 78 invoices for payment by the Army.
3. Between February 19, 2010 and May 26, 2010, Meredith devised a scheme to defraud the United States Army at Fort Knox by instructing Nolin to charge over \$94,000 in unapproved and unauthorized expenses for a solar panel project to ECOs 13, 53, and 70, unrelated but approved contracts. Meredith then approved the fraudulent invoices for payment by the Army.
4. Meredith knew that Nolin RECC could not charge the Army for services before those services were rendered, but on October 20, 2009, Meredith approved a \$190,401 Nolin invoice for one year of Meredith's contractor salary in advance.

On September 8, 2014, the Department of Defense, Office of Inspector General, released a report of an audit conducted on the Fort Knox energy program. Amongst other things, the audit concluded that "Fort Knox officials did not properly award and administer 108 task orders, valued at about \$270 million, for energy savings projects. In addition, Fort Knox officials

could not support the claim that projects achieved the projected energy savings. . . . Furthermore, the lack of adequate internal controls increases the risk of fraud, waste and abuse.” http://www.dodig.mil/pubs/report_summary.cfm?id=5958

If convicted of the charges, Meredith faces a maximum sentence of 730 years in prison, a maximum fine of \$9,500,000, and a maximum three year period of supervised release. This case is being prosecuted by Assistant United States Attorney David Weiser and was investigated by the Defense Criminal Investigative Service (DCIS), Dayton Resident Agency.

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The indictment of a person by a Grand Jury is an accusation only and that person is presumed innocent until and unless proven guilty.