



THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT *of* FLORIDA

[U.S. Attorneys](#) » [Southern District of Florida](#) » [News](#)

Department of Justice

U.S. Attorney's Office

Southern District of Florida

FOR IMMEDIATE RELEASE

Monday, October 31, 2016

Two Individuals Ordered to Pay Over \$4 Million in Restitution For Their Participation in a Conspiracy to Defraud Federal Agencies and Federal Contractors

Brian J. Garrahan, 42, and **Kelly A. Spillman**, 35, both of Delray Beach, Florida, were ordered to pay over \$4 million for their participation in a conspiracy to defraud federal agencies and federal contractors by issuing fraudulent bonds to insure government contracts.

Wifredo A. Ferrer, United States Attorney for the Southern District of Florida, and Paul Brezinski, Acting Special Agent in Charge, United States Environmental Protection Agency (EPA), Office of the Inspector General (OIG), Atlanta Field Office, made the announcement.

Garrahan and Spillman previously pled guilty to one count of conspiracy to commit mail and wire fraud, in violation of Title 18, United States Code, Section 371. On September 16, 2016, U.S. District Judge Kenneth A. Marra sentenced Garrahan and Spillman, and scheduled a later hearing to determine restitution. Judge Marra sentenced Garrahan to 30 months' imprisonment, to be followed by two years of supervised release. Garrahan was also ordered to forfeit over \$1 million. Judge Marra sentenced Spillman to time served, to be followed by two years of supervised release to include twelve months of home detention. Spillman was ordered to forfeit approximately \$130,000.

Today, Judge Marra issued Amended Judgments as to Garrahan and Spillman. Judge Marra ordered Garrahan and Spillman to pay \$4,414,847.19 in restitution to fourteen federal agencies and two federal contracting companies. The federal agencies included, among others:

- a. The United States Army;
- b. The United States Department of Energy;
- c. The United States Environmental Protection Agency;

- d. The United States Department of Housing and Urban Development;
- e. The United States Department of State;
- f. The United States Department of Veterans Affairs; and
- g. The United States General Services Administration.

The restitution as well as the forfeiture previously ordered is joint and several as to Garrahan, Spillman, and co-conspirator Alex Xavier (Case No. 15-80149-Cr-Marra). Xavier previously pled guilty and is scheduled to be sentenced on November 4, 2016.

According to court documents, from approximately June 2008 through June 2013, Garrahan and Spillman conspired with each other and others to obtain payments from government contractors for issuing fraudulent bonds, that is, insurance, for large government contracts. The fraudulent bonds were individual surety bonds, usually signed by Garrahan and two other co-conspirators, a relative of Garrahan, and Alex Xavier, who had prior experience with government bonds.

Individual surety bonds require collateral. The collateral used was land or cash or cash equivalent assets held in bank accounts. However, Garrahan and Spillman knew that the claims of ownership of land were false and the claims of possessing funds were false. Also, the supporting documents related to these assets were fraudulent.

Garrahan, Spillman and their co-conspirators issued a large number of bonds dealing with over 100 contractors and over ten federal agencies, and other entities. Often contracts had “modifications,” that is, contract expansions, that led to more bonds being issued.

Mr. Ferrer commended the investigative efforts of EPA-OIG and the U.S. Department of Veterans Affairs-OIG, together with the Criminal Investigation Command of the U.S. Army; U.S. Department of Defense-OIG, Defense Criminal Investigative Services; U.S. Department of Energy-OIG; U.S. General Services Administration-OIG; U.S. Department of Housing and Urban Development-OIG; and U.S. Department of State-OIG. This case is being prosecuted by Assistant U.S. Attorney Ana Maria Martinez.

Related court documents and information may be found on the website of the District Court for the Southern District of Florida at www.flsd.uscourts.gov or on <http://pacer.flsd.uscourts.gov>.

USAO - Florida, Southern

Topic:

Financial Fraud

Updated October 31, 2016