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FORMER OFFICERS OF NEW MEXICO-BASED DEFENSE CONTRACTOR CHARGED IN FRAUD AND MONEY LAUNDERING SCHEMES RELATED TO REBUILDING EFFORTS IN IRAQ

ALBUQUERQUE - A federal grand jury has returned an indictment charging three former officers of a New Mexico-based defense contractor and four foreign nationals for their alleged roles in a fraud and money laundering scheme involving defense contracts for wartime rebuilding projects in Iraq, announced U.S. Attorney Kenneth J. Gonzales.

The 91-count indictment, which was returned on February 28, 2012 in U.S. District Court in Albuquerque, N.M., was publicly posted this morning. The indictment charges Neal Kasper, 62, of Cibolo, Tex., Bradley G. Christiansen, 46, of Albuquerque, N.M., and Tiffany White, 45, also of Cibolo, Tex., with conspiracy to defraud the United States of more than \$5 million through wire fraud. Ramzi Snobar and Yacoub Snobar, both citizens of Jordan, Mustapha Ahmad, a dual citizen of Lebanon and Great Britain, and Ali Al Aridhi, a citizen of Iraq (collectively, the Foreign Nationals), also are charged with participating in the wire fraud conspiracy. The seven defendants also are charged with an aggregate of 74 substantive wire fraud offenses. In addition, Bradley Christiansen and Ahmad are charged with offering and receiving illegal kickbacks. The indictment also charges Kasper, White, Bradley Christiansen and his wife, Sara Christiansen, 46, of Albuquerque, with conspiracy to launder money and with 11 substantive money laundering offenses, and Bradley Christiansen with three counts of income tax evasion.

The American defendants are scheduled to appear in U.S. District Court in Albuquerque at 9:30 a.m. on March 15, 2012 for arraignment on the indictment. The whereabouts of the Foreign Nationals is not currently known. The United States will seek to locate the Foreign Nationals, and will initiate extradition proceedings if they are located.

According to the indictment, during the Iraqi war and continuing through 2011, the United States funded numerous construction and rebuilding projects in Iraq and Jordan, including contracts administered by the United States Air Force Center for Engineering and the Environment (AFCEE). Laguna Construction Company, Inc. (LCC), a minority disadvantaged business wholly owned by the Pueblo of Laguna, a Native American Indian Tribe located in New Mexico, successfully bid and was awarded multiple contracts, including AFCEE contracts, for wartime reconstruction and rebuilding projects in Iraq and Jordan. From 2003 through 2009, LCC administered more than \$350 million of U.S. awarded Iraqi and Jordanian reconstruction contracts under a cost plus basis pursuant to which LCC received a percentage of the total contract awarded as compensation.

The indictment alleges that, as a prime contractor, LCC was required, to the greatest extent possible, to award subcontracts to foreign companies by generating requests for proposals and soliciting independent subcontract bids from qualified foreign companies. All subcontract bids were required to be independently prepared by the subcontractors without collusion from LCC, and LCC was required objectively to evaluate the bids and to award the subcontracts to

the lowest qualified bidders. LCC and its personnel were prohibited from accepting anything of value, whether gifts, bribes or kickbacks, from the bidders.

According to the indictment, at the time of the events alleged in the indictment, Kasper, Bradley Christiansen and White were officers and employees of LCC, but not members of the Pueblo of Laguna. From January 2004 through February 2009, Kasper, Bradley Christiansen and White allegedly colluded with the Foreign Nationals to defraud the United States of more than \$5 million through the following unlawful scheme:

- . The Foreign Nationals allegedly offered kickbacks to Kasper and Bradley Christiansen for the award of LCC subcontracts in Iraq.

- . Kasper and Bradley Christiansen allegedly fraudulently eliminated bids submitted by foreign companies that were unwilling to pay kickbacks for the award of LCC subcontracts, and awarded the subcontracts to companies controlled by the Foreign Nationals.

- . When preparing invoices, the Foreign Nationals allegedly overstated the actual costs incurred on LCC subcontracts in order to obtain excess funds to pay kickbacks.

- . Kasper and Bradley Christiansen allegedly approved payment on invoices submitted by the Foreign Nationals that falsely overcharged the United States for costs not incurred.

- . The Foreign Nationals allegedly paid kickbacks in the form of wire transfers of funds and the delivery of property to Kasper, Bradley Christiansen and White in return for the award of LCC subcontracts in Iraq.

The indictment further alleges that, in addition to receiving the monetary kickbacks, in January 2008, Bradley Christiansen also received a 1967 Ford Shelby GT500D valued at \$290,000 from Ahmad for facilitating the award of LCC subcontracts to Ahmad's companies.

According to the indictment, from January 2004 through February 2009, Kasper, White and Bradley and Sara Christianson conspired to launder the illegal kickbacks they received from the Foreign Nationals to conceal the unlawful nature of the proceeds. The indictment alleges that Kasper, White and the Christiansens attempted to conceal the nature of the illegal kickbacks by having funds wire-transferred into the bank accounts of relatives and companies controlled by the defendants; by accepting kickbacks in the form of personal property, including automobiles, and cash; by using the kickbacks to acquire goods and remodel residential real property.

The indictment also seeks forfeiture of any proceeds and property involved in the unlawful conduct charged from Kasper, Bradley and Sara Christiansen, and White, if convicted, and a money judgment in the amount of \$5,257,067 which represents the loss allegedly incurred by the United States as a result of the criminal conduct charged in the indictment. During the course of the four year investigation, the United States seized currency and assets valued at approximately \$1,586,634.84 from Kasper, Bradley Christiansen, White and others pursuant to court-authorized seizure warrants. To date, the United States successfully has obtained forfeiture of currency and assets valued at approximately \$1,473,849.60 through court proceedings.

"The indictment alleges that the defendants flagrantly enriched themselves at the expense of the Iraqi people - the very people they were there to help- and American taxpayers," said U.S. Attorney Gonzales. "These charges highlight the federal government's continuing resolve to investigate and prosecute suspected bribery, fraud and money laundering involving Iraq reconstruction funds. The message here is simple: stealing from our government is just as intolerable whether done here or abroad. I commend the dedicated team of agents, investigators and prosecutors who are responsible for making sure that the crimes alleged in the indictment will be prosecuted, and for their continuing efforts to recoup the millions of dollars lost to the United States as a result of the defendants' alleged criminal conduct."

"The indictments in this investigation were 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, the Internal Revenue Service-Criminal Investigations Division, and the Special Inspector General for Iraq Reconstruction," said Janice M. Flores, Special Agent-in-Charge of the DCIS Southwest Field Office. "Fraud and corruption in military contracting not only takes away precious dollars necessary for the dedicated American Warfighter, but it undermines the confidence of the American public who demand a military procurement system that spend their tax dollars wisely and responsibly. This investigation should serve as a warning for those intent on defrauding the U.S. military and American public that law enforcement will pursue these crimes relentlessly."

Carol K.O. Lee, Special Agent in Charge of the FBI's Albuquerque Office said, "U.S. contractors working abroad have an obligation to be good stewards of our tax dollars and to provide a good example of ethical business practices. This corporate duty is especially critical in Iraq, where a great deal of sacrifice was made by both Americans and Iraqis to create a partnership that is rebuilding that war-torn country. The indicted individuals are accused of depriving Iraqi companies of much needed work and U.S. taxpayers of the value of millions of dollars of their money. I am proud of the hard work and dedication of the FBI Special Agents involved in this case, as well as the assistance provided by the U.S. Attorney's Office, Internal Revenue Service-Criminal Investigations Division, Defense Criminal Investigative Service of the U.S. Department of Defense's Office of the Inspector General, the Office of the Special Inspector General for Iraq Reconstruction, and the Defense Contract Audit Agency. Rooting out fraud, whether it be in New Mexico or Iraq, requires teamwork, intelligence-sharing among agencies, and letting the public know how they can help. The FBI is committed to expanding our current partnerships within law enforcement and the financial services sector to aggressively go after those individuals who would manipulate the system to cheat our citizens as well as our allies overseas."

"The investigation leading to today's indictment exemplifies a true team effort involving numerous Federal agencies," said Dawn Mertz , Special Agent in Charge of the Phoenix Field Office of IRS Criminal Investigation. "Our coordinated investigative expertise in money laundering and tax fraud has unraveled this complex international conspiracy which included numerous defendants from the United States and foreign countries."

SIGIR's Inspector General, Stuart W. Bowen, Jr., stated, "Those participants in the Iraqi rebuilding program who defrauded the U.S. taxpayers and cheated the Iraqi people by their egregious misconduct must and will pay for their crimes. These latest charges, which arise from allegations of reprehensible financial abuse, indicate once again that SIGIR and its investigative partners continue to pursue a broad variety criminal cases stemming from gross malfeasance committed while carrying out stabilization and reconstruction projects in Iraq."

The maximum penalty for the wire fraud conspiracy and each wire fraud charge is 20 years in prison and a fine of \$250,000 or twice the gross loss sustained as a result of the offense. The maximum penalty for receiving a kickback is ten years of prison and a \$250,000 fine. The maximum penalty for money laundering conspiracy and each money laundering charge is ten years in prison and a fine of \$250,000, or twice the amount of the criminally derived property involved in the transaction. The maximum penalty for tax evasion is five years in prison and a \$100,000 fine.

The case is being prosecuted by Assistant U.S. Attorney Paula G. Burnett, the Criminal Chief of the U.S. Attorney's Office, and was investigated by the Defense Criminal Investigative Service, the FBI's Albuquerque Field Office, the Internal Revenue Service-Criminal Investigations Division, the Special Inspector General for Iraq Reconstruction, and the Defense Contract Audit Agency.

An indictment is merely an allegation and defendants are presumed innocent unless and until proven guilty beyond a reasonable doubt in a court of law.