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Former Officers of New Mexico-Based Defense Contractor Plead Guilty to Criminal Charges Relating to Iraq Rebuilding Efforts

ALBUQUERQUE – Two former officers of a New Mexico-based defense contracting firm pleaded guilty on Feb. 26, 2016, to criminal charges arising out of their involvement in a scheme to solicit and accept kickbacks in return for favorable treatment in awarding subcontracts relating to wartime rebuilding projects in Iraq. Neal Kasper, 66, of Montana, and his wife Tiffany White, 49, of Cibola, Tex., entered their guilty pleas in federal court in Albuquerque, N.M. Kasper pleaded guilty to wire fraud and conspiracy to solicit and accept kickbacks charges, and White pleaded guilty to wire fraud and tax charges.

The guilty pleas were announced by U.S. Attorney Damon P. Martinez, Special Agent in Charge Terry Wade of the FBI's Albuquerque Division, Special Agent in Charge Ismael Nevarez, Jr., of the Phoenix Field Office of IRS Criminal Investigation, and Special Agent in Charge Janice M. Flores of the Defense Criminal Investigative Service Southwest Field Office in Arlington, Tex.

Kasper and White, together with codefendant Bradley G. Christiansen, 50, of Albuquerque, N.M., all former officers of a New Mexico-based defense contractor, and four foreign nationals, were charged with conspiring to defraud the United States of more than \$5 million through wire fraud in an indictment filed in Feb. 2012. The indictment also charged the seven defendants with wire fraud offenses and with offering and receiving illegal kickbacks. In addition, Kasper, White, Christiansen and Sara Christiansen were charged with money laundering offenses, and Christiansen with tax evasion offenses. The indictment was superseded in Aug. 2013, after Christiansen entered a guilty plea and the charges against his wife, Sara Christiansen, were dismissed. The charges against one of the foreign nationals were also dismissed.

"While our brave men and women in uniform in the Iraq War made sacrifices for their country, Neal Kasper and Tiffany White saw it as an opportunity to enrich themselves," said U.S. Attorney Damon P. Martinez. "The defendants corrupted the process by which the United States sought to help Iraqis recover from decades of dictatorship and devastation of warfare. The defendants solicited and received bribes from foreign businessmen as the price of participation in Iraq reconstruction. Our community can take comfort in knowing that there is a dedicated team of agents, investigators and prosecutors who will strive to make sure that those responsible for this

kind of corruption are prosecuted and held accountable for their actions. I thank the Pueblo of Laguna for its cooperation during the investigation of this case.”

“Many brave Americans and Iraqi citizens made incredible sacrifices in this conflict. Iraq deserves the best help America has to offer, not criminals looking to make a quick buck. These guilty pleas send a clear message that unscrupulous business people who take advantage of an ally trying to get back on its feet will face justice,” said FBI Special Agent in Charge Terry Wade. “I congratulate the FBI Special Agents and support staff, U.S. Attorney's Office, IRS Criminal Investigation, Defense Criminal Investigative Service, Defense Contract Audit Agency and Laguna Pueblo for a job well done.”

According to court filings, 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, 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 Iraqi and Jordanian reconstruction contracts.

LCC was required 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 superseding indictment, from Jan. 2004 through Feb. 2009, Kasper, Christiansen and White, who were officers and employees of LCC but not members of the Pueblo of Laguna, conspired with the four foreign nationals to defraud the United States of more than \$5 million. They also conspired to launder the illegal kickbacks they received from the foreign nationals to conceal the unlawful nature of the proceeds.

Court filings reflect that AFCEE awarded two prime contracts to LCC relating to United States' reconstruction efforts in Iraq, which required LCC to serve as a prime contractor and provide construction management services in response to task orders from AFCEE. From 2003 through 2009, LCC received and administered approximately \$397 million through the two contracts which contemplated that LCC would award work to subcontractors to complete reconstruction projects. Christiansen was hired as a LCC division manager in 2002 by Kasper, who was then president of LCC, and became LCC's operations manager and vice president of operations in 2005. In that capacity, Christiansen oversaw all LCC Iraq reconstruction projects under the supervision of Kasper, who was in charge of all of LCC's construction operations, including those involving wartime reconstruction efforts in Iraq and Jordan.

Beginning in Dec. 2004, Kasper, Christiansen, White and others sought and obtained payments for task orders under the prime contracts under false pretenses by repeatedly certifying that all subcontracts were awarded pursuant to competitive bidding procedures when in fact they were accepting kickbacks from subcontractors in return for awarding subcontracts to them. From Dec. 2004 through Feb. 2009, Kasper, Christiansen, White and others conspired with the four foreign nationals to defraud the United States by soliciting and accepting kickbacks from the foreign nationals in return for awarding them subcontracts. Kasper and Christiansen accepted numerous kickbacks from the foreign nationals.

During his change of plea hearing on Friday, Kasper pled guilty to one count of wire fraud and one count of conspiracy to provide, solicit and accept kickbacks. In his plea agreement, Kasper admitted that from Dec. 2005 through Feb. 2009, while he was President of LCC, he conspired with others to accept improper payments from subcontractors in connection with subcontracts let by LCC. Kasper also accepting wire transfers totaling \$204,356 in improper payments from subcontractors between April 2007 and Nov. 2008.

White pleaded guilty to a wire fraud charge in the superseding indictment and a felony information charging her with one count of filing a false tax return. In her plea agreement, White admitted that while she was LCC's Compliance Manager for federal contracts, she submitted subcontract bids to Kasper and Christiansen without proper compliance review and with knowledge that the bids would be altered so that particular subcontractors would be selected. The selected subcontractors then paid kickbacks to Kasper, Christiansen and White. White's plea agreement provides details of how the kickback scheme operated and how Kasper, Christiansen and she used illegal kickbacks to pay for improvements to their homes and for other personal purposes. White also admitted failing to declare \$93,912 she received in illegal kickbacks as income when she filed her 2008 federal tax return.

At sentencing, Kasper faces a statutory maximum penalty of 20 years in prison on the wire fraud charge and five years on the kickback conspiracy charge. Under the terms of his plea agreement, Kasper is required to forfeit to the United States \$431,911, which represents part of the net profit he derived from the crimes charged in the superseding indictment. Of this amount, Kasper is wholly responsible for \$303,084 and jointly responsible with White for \$136,827.

Under the terms of her plea agreement, White will be sentenced to not more than six months in prison followed by not more than three years of supervised release. White also will have to pay restitution in the amount of \$33,997 to the IRS and will be required to forfeit jointly with Kasper \$136,827 to the United States.

Christiansen pled guilty in July 2014, to conspiracy to provide, solicit and accept kickbacks and to solicitation and receipt of kickbacks and tax evasion, respectively. In his plea agreement, Christiansen admitted receiving his first kickback in Dec. 2004, through Kasper, who had received a \$20,000 kickback and shared half with Christiansen. According to Christiansen, from Jan. 2005 through Feb. 2009, Kasper and he received numerous kickbacks from the foreign nationals, which they split 50/50. In addition to approximately \$360,000 in monetary kickbacks, Christiansen also admitting to receiving a 2006 Porsche Cayman valued at \$65,163, a Ford GT350 Shelby valued at \$290,000, several watches valued at an aggregate of \$103,800 as kickbacks from the foreign nationals. Christiansen also admitted that he willfully failed to declare the kickback payments and assets he received from the foreign nationals as personal income when filing his federal income tax returns in 2006, 2007 and 2008. As a result, Christiansen evaded approximately \$389,413 in federal taxes.

At sentencing, Christiansen faces a maximum penalty of ten years in prison. The plea agreement also requires Christiansen to pay full restitution to the victims of his criminal conduct, including \$389,413 in restitution to the IRS. The plea agreement also requires that Christiansen agree to the imposition of a money judgment against him in the amount of \$1,687,310.84 and that he forfeit all assets derived from his criminal conduct, including his residence which was substantially remodeled with kickbacks from the foreign nationals. As required by Christiansen's plea agreement, the United States filed a motion to dismiss all charges against Sara Christiansen and the charges against her have been dismissed.

The three foreign nationals who remain under indictment, Ramzi Snobar and Yacoub Snobar, citizens of Jordan, and Mustapha Ahmad, a dual citizen of Lebanon and Great Britain, have yet to be arrested and are considered fugitives. The charges in the indictment against these three defendants are merely allegations and the defendants are presumed innocent unless proven guilty beyond a reasonable doubt in a court of law.

“The defendants have taken responsibility for defrauding the citizens of the U.S. and the people of Iraq. Their sophisticated fraud scheme diverted U.S. taxpayer funds that were meant for wartime reconstruction and rebuilding projects in Iraq,” said Ismael Nevarez Jr., Special Agent in Charge of IRS Criminal Investigation.

“The Defense Criminal Investigative Service will continue to diligently work to protect the integrity of our public contracting system by pursuing those who seek to violate the system through corruption, especially where contractors have been engaged to supply critical support for the work of stabilizing Iraq and Afghanistan,” said Special Agent in Charge Janice M. Flores of the DCIS Southwest Field Office in Arlington, Tex. “This investigation should serve as a warning for those intent on defrauding the U.S. military and the American public that DCIS, and its law enforcement partners remain vigilant and committed to bringing individuals who subvert the acquisition system to justice.”

This case is being prosecuted by Assistant U.S. Attorneys Jonathon M. Gerson and Shana B. Long, and was investigated by the Albuquerque Division of the FBI, the Albuquerque office of IRS Criminal Investigation, the Southwest Field Office of the Defense Criminal Investigative Service and the Defense Contract Audit Agency. Assistant U.S. Attorney Stephen R. Kotz is handling the related forfeiture proceedings.

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