



Department of Justice

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FRIDAY, SEPTEMBER 16, 2011
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**SAUDI ARABIA-BASED TAMIMI GLOBAL COMPANY TO PAY U.S. \$13 MILLION TO RESOLVE
CRIMINAL
AND CIVIL ALLEGATIONS OF KICKBACKS AND ILLEGAL GRATUITIES**

KBR Subcontractor Provided Dining Services in Iraq and Kuwait

WASHINGTON – Saudi Arabia-based Tamimi Global Company Ltd (TAFGA) has agreed to pay the United States \$13 million to resolve criminal and civil allegations that the company paid kickbacks to a Kellogg Brown & Root Inc. (KBR) employee and illegal gratuities to a former U.S. Army sergeant, in connection with contracts in support of the Army's operations in Iraq and Kuwait. The civil matter was handled by the Justice Department's Civil Division, and the criminal matter was handled by the U.S. Attorney's Office for the Central District of Illinois.

The U.S. alleges that employees of TAFGA paid kickbacks to KBR to obtain subcontracts awarded under LOGCAP (Logistics Civil Augmentation Program) III – KBR's prime contract with the U.S. Army to provide logistical support to the military in conflicts abroad, including Iraq and Afghanistan. LOGCAP III is the third generation of contracts under the program. KBR performs its obligations under the contract largely through subcontractors such as TAFGA.

The U.S. also alleges that employees of TAFGA paid illegal gratuities to Army Sergeant Ray Chase. Chase was responsible for Army food services at camps Doha and Arifjan (Zone 1) in Kuwait in 2002 and 2003. As alleged in the information, Chase received regular payments from TAFGA employees on account of official acts that he took while he served in Kuwait in 2002 and 2003. TAFGA has now admitted that its employees entered into a conspiracy to pay illegal gratuities to Chase.

TAFGA appeared today before Senior Judge Michael M. Mihm in the U.S. District Court for the Central District of Illinois in Peoria, Ill., on consideration of a deferred prosecution agreement (DPA) between TAFGA and the U.S. Attorney's Office. Under the terms of that agreement, TAFGA will pay the United States \$5.6 million as part of a deferred prosecution and institute a strict compliance program to ensure that the company and its employees will abide by the legal and ethical standards required for government contracts. If TAFGA meets its obligations under the agreement without violation for 18 months, the United States will dismiss the criminal charges.

As part of the criminal agreement, TAFGA admitted conspiring to pay kickbacks to former KBR subcontract manager Steven Lowell Seamans in return for favorable treatment in the award and performance of a subcontract to provide dining services at Camp Arifjan in Kuwait. The conspiracy lasted from October 2002 to March 2006. In related proceedings in March 2006, Seamans pleaded guilty to accepting \$60,500 in kickbacks from TAFGA's former director of operations in Kuwait, Mohammad Shabbir Khan, for the award of the Camp Arifjan subcontract. In June 2006, Khan pleaded guilty to paying Seamans \$133,000 in kickbacks for the award of this and another subcontract. Both were sentenced to prison and ordered to pay restitution. In the DPA unsealed today, TAFGA also admitted that as part of the conspiracy charged its then employees made false statements to federal investigators about a phantom business deal to cover up wire transfers to Seamans transmitting the kickbacks. As alleged, this transaction also involved another former TAFGA operations director, Zubair Khan. Khan has been indicted in the Central District of Illinois, and that case is still pending.

With respect to the conspiracy involving Chase, TAFGA admitted that it is responsible for the misconduct of its employees who agreed to provide Chase illegal gratuities and in furtherance of that conspiracy provided Chase money and use of an apartment in Kuwait. All of these illegal gratuities were paid to Chase on account of official acts he performed, or was going to perform, at Camps Doha and Arifjan in Kuwait in relation to the war effort. In 2010, Chase pled guilty and was sentenced to prison for accepting approximately \$1.4 million in illegal gratuities from various contractors, including TAFGA. Chase was prosecuted in the Central District of Illinois.

In a separate civil settlement agreement, TAFGA agreed to pay the United States an additional \$7.4 million to resolve civil allegations that TAFGA paid kickbacks in return for favorable treatment in the award and performance of the Camp Arifjan subcontract, a subcontract for dining facilities at the Baghdad Palace in Iraq, and five smaller subcontracts for dining services and other logistical support in Iraq, including temporary personal services and installation of tent pads and a shower/laundry unit. The United States alleged that TAFGA's conduct violated the False Claims Act and the Anti-Kickback Act.

"Kickbacks and collusion in military contracting corrode the process of supplying our men and women in uniform with the quality supplies they need and deserve," said Tony West, Assistant Attorney General for the Justice Department's Civil Division. "When we believe companies are engaging in wartime profiteering, we will not hesitate to act."

TAFGA is the 13th defendant criminally charged by the LOGCAP Working Group, based in the Central District of Illinois and led by the U.S. Attorney's Office. This district is also home to the Rock Island Arsenal in Rock Island, Ill., where LOGCAP III is administered by the Army Sustainment Command, giving the district jurisdiction over these cases.

"Our district was one of the first in the country to take on the challenge of prosecuting war zone cases involving fraud, bribes, and kickbacks that took place during the military conflict in Southwest Asia," said U.S. Attorney Jim Lewis, Central District of Illinois. "Our commitment to prosecute these cases is rivaled only by our commitment to the men and women who serve in our armed forces. The agreements announced today will return \$13 million to the American taxpayer and serve as an example of our long-term commitment to root out public corruption in every form, especially corruption perpetrated in war zones."

The compliance program agreed to under the deferred prosecution agreement requires TAFGA to establish a new Kuwait management team as well as an ethics and compliance team with oversight over U.S. government contracts and subcontracts, to strengthen its code of business conduct, to modernize its standard operating procedures for financial and accounting functions, to institute a compliance hotline, and to retain a contract and compliance consultant to evaluate and monitor its compliance program.

These settlements are a direct result of the efforts of the interagency Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. It includes representatives from a broad range of federal agencies, including regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch and, with state and local partners, investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

The criminal case was prosecuted by Assistant U.S. Attorney Matthew J. Cannon and former Assistant U.S. Attorney Jeffrey B. Lang, the current and former lead prosecutors for the LOGCAP Working Group. Former Department of Justice Senior Trial Attorney Joseph Capone in the Fraud Section of the Criminal Division also worked on the case. The civil case was prosecuted by Assistant Director Judith Rabinowitz, Senior Trial Counsel John A. Kolar and Trial Attorney Kelley C. Hauser in the Justice Department's Commercial Litigation Branch of the Civil Division.

Investigative agencies that participated in the investigations include the Internal Revenue Service Criminal Investigation Division, Chicago Field Office; the Defense Criminal Investigative Service, Central Field Office, Rock Island Post of Duty; U.S. Army Criminal Investigation Command, Major Procurement Fraud Unit, located at Rock Island Arsenal and the FBI, Springfield Division.

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