

Tennessee Couple Indicted for Warzone Contracting Scheme

Alleged to Have Steered \$6.9 Million in Proceeds from Defense Subcontracts in Afghanistan

FOR IMMEDIATE RELEASE

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ALEXANDRIA, Va. – Keith Johnson, 46, and Angela Johnson, 44, both of Maryville, Tn., were indicted by a federal grand jury today on charges of conspiracy to commit wire fraud and substantive wire fraud for their alleged role in a scheme to steer \$6.9 million from Department of Defense (DoD) subcontracts in Afghanistan to shell entities through kickbacks and the use of assumed names.

Neil H. MacBride, United States Attorney for the Eastern District of Virginia; Mythili Raman, Acting Assistant Attorney General of the Justice Department's Criminal Division; Valerie Parlave, Assistant Director in Charge of the FBI's Washington Field Office; Robert E. Craig, Defense Criminal Investigative Service (DCIS) Special Agent in Charge of Mid-Atlantic Field Office; John Sopko, Inspector General for Special Inspector General for Afghanistan Reconstruction (SIGAR); and Frank Robey, Director of the U.S. Army Criminal Investigation Command's Major Procurement Fraud Unit (MPFU), made the announcement following the grand jury's return of the indictment.

Keith and Angela Johnson face a maximum penalty of 20 years in prison for conspiracy and up to 20 years in prison on each count of wire fraud if convicted.

According to the indictment, between July 2007 and June 2010, Keith and Angela Johnson engaged in a scheme to defraud Company #1, a DoD contractor, relating to two contracts worth more than \$269 million. The contracts at issue were to provide vehicle-fleet maintenance for the Afghan National Army (ANA). Keith Johnson worked for Company #1 in Kabul, Afghanistan, as its Project Manager and Procurement Manager for the ANA contracts. Johnson fielded requests for vehicle parts from Company #2, a Company #1 subcontractor. Company #1 would then issue purchase orders for those parts to subcontractors after receiving multiple bids. In September 2007, Keith and Angela Johnson formed Company #4 as a Tennessee corporation, but they listed Angela Johnson's mother and daughter on its corporate documents. Thereafter, Keith Johnson used his position in Company #1 to steer parts-supply purchase orders and other business on the ANA contracts to Company #4. To conceal Keith Johnson's relationship to Company #4, Angela Johnson used her maiden name when interacting with Company #1 on Company #4's behalf.

According to the indictment, the Johnsons also agreed with two other individuals at Company #2 to further the scheme. The two Company #2 employees helped steer Company #1 business to the Johnsons

THE UNITED STATES ATTORNEY'S OFFICE
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through Company #4, and Keith Johnson helped steer Company #1 business to Company #3, an entity operated by the two Company #2 employees using a fictional name. The Company #2 employees allegedly paid kickbacks to the Johnsons through a shell company. As part of the scheme, the Johnsons also allegedly participated in a bid-rigging practice of coordinating inflated bids on behalf of Company #3 or Company #4 to ensure that the other company would receive particular contracts. The conspirators also caused Company #1 to order excess parts that were not yet needed on Company #1's contracts, and Company #4 did not ultimately supply all parts in compliance with Company #1's requirements.

According to the indictment, the conspirators obtained \$6,933,179.31 in proceeds from the scheme, which they used in part to purchase, among other items, several luxury vehicles and more than \$191,000 in jewelry.

This case is being investigated by the Defense Criminal Investigative Service, the Federal Bureau of Investigation, the Special Inspector General for Afghanistan Reconstruction, and the U.S. Army Criminal Investigation Division. The case is being prosecuted by Assistant U.S. Attorney Ryan Faulconer of the U.S. Attorney's Office for the Eastern District of Virginia and Trial Attorney Daniel Butler of the Criminal Division's Fraud Section, who is also a Special Assistant U.S. Attorney in the Eastern District of Virginia.

Criminal indictments are only charges and not evidence of guilt. A defendant is presumed to be innocent until and unless proven guilty.

A copy of this press release may be found on the website of the United States Attorney's Office for the Eastern District of Virginia at <http://www.justice.gov/usao/vae>. Related court documents and information may be found on the website of the District Court for the Eastern District of Virginia at <http://www.vaed.uscourts.gov> or on <https://pcl.uscourts.gov>.