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PRESS RELEASE

FORMER EGLIN AIR FORCE BASE RESEARCH LAB ENGINEER **AND DEFENSE CONTRACTORS INDICTED FOR CONFLICT** **OF INTEREST-RELATED CRIMES**

Pensacola, Florida - United States Attorney Thomas F. Kirwin, Northern District of Florida, announced today the unsealing of a superseding federal indictment against **Mark A. O'Hair**, 49, Niceville, Florida, **Richard Schaller**, 57, Niceville, Florida, and **Theodore S. Sumrall**, 53, Fort Walton Beach, Florida. All three defendants are expected to surrender for an initial appearance before a United States Magistrate Judge in Pensacola next week.

The Air Force Research Laboratory is made up of nine technology directorates located throughout the United States, including the AF Research Lab Munitions Directorate ("AF Research Lab/RW" formerly known as "AF Research Lab/MN") located at Eglin Air Force Base, Florida. At all times relevant to the indictment, AF Research Lab/RW was tasked with rapid improvement of war fighting capability under the "Battlefield Airman Program." Under that program, the Lab contracted with educational institutions, non-profit organizations and private industry for research in tactical capabilities.

The indictment alleges that while working as a senior electronics engineer for the Air Force Research Laboratory Munitions Directorate ("AF Research Lab/RW" formerly known as "AF Research Lab/MN"), **O'Hair** became program manager for contracts awarded through the Battlefield Airman Program, during which service he participated in the award of contracts to "Schaller Engineering, Inc." ("SEI"), a small business in Northwest Florida founded and owned by **Schaller** in 2003 and incorporated in 2005. According to the indictment, SEI's primary customer and source of income was AF Research Lab/MN. In 2005, SEI's Florida corporate filings listed **Schaller** as President and Director, **O'Hair** as Director, and **Sumrall** as Director

and Vice President.

Schaller and **Sumrall** are charged with obstruction of justice for allegedly altering or modifying, changing or removing a portion of SEI's corporate record book pertaining to **O'Hair's** position as Director (Count One). **Schaller** is charged with perjury for making materially false declarations before the Federal Grand Jury about that activity (Count Two). **O'Hair** is charged with making materially false statements to Air Force Office of Special Investigation (AFOSI) agents regarding his knowledge of and his association with SEI and SEI subcontractor "Pathfinder Technology, Inc.," a Colorado corporation (Count Three), and regarding his knowledge of **Schaller's** association with "Novel Energy Solutions, LLC," a Florida corporation and strategic partner of SEI owned by **Sumrall** and for which **Schaller** was identified as Vice President and Chief Operating Officer (Count Four). **O'Hair** is charged with submitting false 2006 and 2007 Confidential Financial Disclosure Reports to the USAF misrepresenting his ownership of "Advanced Energy Systems, Inc.," a Wyoming corporation, and failing to disclose his status as a Director of SEI (Counts Five and Six). **O'Hair** is charged with making materially false statements to the USAF in a response to his suspension and to his removal from employment at AF Research Lab/RW denying his association with SEI and denying his involvement with the evaluation and award of contracts to SEI subcontractor Pathfinder (Counts Seven and Eight). **Schaller** is charged with making materially false statements to the USAF in a response to his suspension denying his association with SEI (Count Nine). **O'Hair** is charged with conflict of interest by personally and substantially participating in the decision, approval, recommendation, rendering of advice, and otherwise in a contract in which he had a financial interest while he was working at AF Research Lab/RW (Count Ten). **Schaller** and **Sumrall** as aiders and abettors, and **O'Hair** as a Government employee, are charged with conflicts of interest relating to multiple contracts and task orders in which **O'Hair** participated and in which they had a financial interest (Counts Eleven through Thirty-Nine).

The obstruction of justice charge (Count One) is punishable by up to 20 years imprisonment, a fine of \$250,000, and 5 years of supervised release. The perjury charge (Count Two) is punishable by up to 10 years imprisonment, a \$250,000 fine, and 3 years of supervised release. Each false statement charge (Counts Three through Nine) carries a maximum penalty of 5 years imprisonment, a \$250,000 fine, and 3 years of supervised release. Each conflict of interest charge (Counts Eleven through Thirty-Nine) carries a maximum penalty of 5 years imprisonment, a \$250,000 fine, and 3 years of supervised release.

The indictment is the result of an investigation by agents of the Air Force Office of Special Investigations (AFOSI) and the Defense Criminal Investigative Service (DCIS). The case is being prosecuted by Assistant United States Attorney Steven P. Preisser and Special Assistant United States Attorney David Armstrong.

An indictment is merely a formal charge by the grand jury. Each defendant is presumed innocent unless and until proven guilty in United States District Court.