

IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF ILLINOIS
ROCK ISLAND DIVISION

THE UNITED STATES OF AMERICA,)

Plaintiff,)

v.)

CHRISTOPHER JOSEPH CAHILL,)

Defendant.)

Case No. 06- 40004

Violations: Title 18, United
States Code, Sections 1031(a),
(b)(1) and 2

INFORMATION

RODGER A. HEATON, UNITED STATES ATTORNEY, CHARGES:

A. Introductory Allegations

Overview

1. The defendant, CHRISTOPHER JOSEPH CAHILL, devised a scheme to defraud the United States Government by causing inflated invoices to be submitted to the Government by a United States Army prime contractor.

2. CAHILL developed and executed the fraud in connection with a subcontract issued to CAHILL's employer under the prime contract known as LOGCAP III awarded by the United States Army for the logistical support of United States military operations.

FILED
FEB 16 2006
JOHN M. WATERS, Clerk
U.S. DISTRICT COURT
CENTRAL DISTRICT OF ILLINOIS

The LOGCAP III Prime Contract

3. The United States Army administered a program to use civilian contractors to provide the Army with additional means to support the logistical needs of the United States military forces in wartime and other operations. One of the contracts the Army awarded for that purpose was known as the Logistics Civil Augmentation Program III ("LOGCAP III") prime contract designated as contract number DAAA09-02-D-0007.

4. The United States Army Operations Support Command was headquartered at the Rock Island Arsenal at Rock Island, Illinois, within the Central District of Illinois.

5. On or about December 14, 2001, the Operations Support Command awarded the LOGCAP III prime contract to Brown & Root Services, a division of Kellogg Brown & Root, Inc. Brown & Root Services thereafter transferred the responsibilities for the LOGCAP III prime contract to Kellogg Brown & Root Services, Inc., a subsidiary of Kellogg Brown & Root, Inc. Brown & Root Services and Kellogg Brown & Root Services, Inc. are collectively referred to in this Information as "KBR."

6. The Army Field Support Command administered the LOGCAP III prime contract at Rock Island, Illinois.

7. As the prime contractor under LOGCAP III, KBR was to provide property and services to the United States military at locations around the world, including Iraq.

8. KBR commonly utilized subcontractors to accomplish its obligations under the LOGCAP III prime contract.

The Task Order and Payment Process

9. The Army Field Support Command issued Task Orders to KBR under the LOGCAP III prime contract. Each Task Order incorporated a statement of the work to be performed by KBR and the period of time to perform the work.

10. The subcontractors that performed KBR's obligations under the LOGCAP III prime contract submitted invoices to KBR for their work and were paid by KBR. KBR thereafter sent public vouchers to the government for the cost of the work done by the subcontractors, plus KBR's allowable fees under the LOGCAP III prime contract. The public vouchers were then paid by the Defense Finance and Accounting Service.

11. The Resource Management Unit of the Army Field Support Command managed the money for the LOGCAP III prime contract. This included the Resource Management Unit obligating funding in Rock Island, Illinois for the payment of Task Orders.

Contract Requirements for the Transportation of Military Goods into Iraq

12. Among the Army's requirements to be accomplished through the LOGCAP III prime contract was the transportation of U.S. military equipment and supplies into Iraq through air cargo flights to the Baghdad International Airport.

13. KBR accomplished this, in part, by subcontracting for air-freight forwarding services with EGL, Inc., also known as Eagle Global Logistics, a publicly-traded U.S. corporation headquartered at Houston, Texas. EGL had offices, warehouses, and other facilities at Dubai in the United Arab Emirates. EGL's flights into Baghdad originated in Dubai, and were made on aircraft operated by a Middle-Eastern air charter company referred to herein as "Company A."

The Defendant

14. From on or about October 1, 2002 through on or about April 8, 2005, CAHILL served as EGL's Regional Vice President for the Middle East and India, and was stationed at EGL's Regional Office in Dubai. As such, CAHILL was the highest-ranking EGL official in the region concerning the military shipments to Baghdad beginning in April 2003 under EGL's subcontract with KBR.

B. The Scheme and Artifice

15. From on or about November 22, 2003 and continuing to on or about April 4, 2005, in the Central District of Illinois and elsewhere, the defendant,

CHRISTOPHER JOSEPH CAHILL,

knowingly devised a scheme and artifice to defraud the United States, and to obtain money by means of materially false and fraudulent pretenses and representations, which scheme and artifice is described below.

The Manner and Means of the Scheme

16. It was part of the scheme that in or about November 2003, CAHILL instituted a "war risk surcharge" of \$.50 for each kilogram of freight transported to Baghdad under EGL's subcontract with KBR. CAHILL did so despite knowing that Company A, which was physically transporting the air cargo to Baghdad for EGL, had not increased its fees for shipments into Baghdad on behalf of EGL. Specifically, CAHILL knew that EGL was not being charged additional "war risk surcharge" fees by Company A for the shipment of U.S. military equipment and supplies to Baghdad under its subcontract with KBR. Instead, CAHILL recognized an opportunity to unilaterally institute war risk surcharges and thereby increase profits to EGL.

17. It was further a part of the scheme that CAHILL, as EGL's Regional Vice President, knew that he did not have to seek approvals from elsewhere within EGL to add such purported war risk surcharges.

18. It was further a part of the scheme that CAHILL knew that under the LOGCAP III prime contract, KBR was being paid by the United States Government for its actual costs plus allowable fees.

19. It was further a part of the scheme that CAHILL caused the United States Government to pay KBR more for EGL's shipments of U.S. military equipment and supplies to Baghdad as a direct consequence of his institution of war risk surcharges.

20. It was further a part of the scheme that in an effort to conceal the fraudulent nature of the war risk surcharges, CAHILL directed that letters be obtained from Company A which falsely purported to document the imposition of war risk surcharges upon EGL.

21. It was further a part of the scheme that in an effort to conceal the fraudulent nature of the war risk surcharges, CAHILL directed that Company A invoices be created by EGL personnel which falsely purported to document the imposition of war risk surcharges upon EGL.

Acts in Furtherance of the Scheme

22. On or about April 24, 2002, EGL subcontracted with KBR under LOGCAP III to transport U.S. military equipment and supplies into Iraq. The subcontract was designated as Master Agreement Number GU36-HOU-A003 and was signed by CAHILL on behalf of EGL. In turn, EGL contracted with Company A to perform the air cargo shipments to Baghdad under EGL's subcontract with KBR.

23. In or about November 2003, CAHILL unilaterally decided that EGL should increase its air freight fees for transporting cargo into Baghdad through a "war risk surcharge" of \$.50 per kilogram of cargo which was to be added to each of EGL's invoices to KBR.

24. In or about November 2003, CAHILL directed that a letter be obtained from Company A to the effect that Company A had begun adding war risk surcharges to its invoices to EGL for air charter services from Dubai to Baghdad.

25. In or about December 2003, Company A provided to EGL a letter dated December 1, 2003 which falsely stated that Company A had begun "charging \$0.50 per kg War Risk Surcharges."

26. From on or about November 22, 2003 through on or about July 20, 2004, EGL, via Company A, performed approximately 379 air cargo shipments of military goods from Dubai to Baghdad under its subcontract with KBR and Work Releases issued thereunder.

27. For each of those 379 air cargo shipments of military goods from Dubai to Baghdad during that time period, EGL submitted an invoice to KBR under Master Agreement Number GU36-HOU-A003. The total amount of the EGL invoices for those 379 shipments was approximately \$13,263,629.

28. As a result of CAHILL's conduct, EGL included in each of its invoices to KBR during that time period a war risk surcharge of \$.50 for each kilogram of cargo shipped. The total amount that EGL charged KBR for war risk surcharges during this time period was approximately \$1,141,097. In response, KBR paid EGL on each of those invoices.

29. As a result of CAHILL's conduct, KBR billed the United States Government for the non-existent war risk surcharges as a part of KBR's actual costs plus allowable fees for those particular air cargo shipments by EGL. KBR did so through approximately 141 public vouchers submitted during the period December 14, 2003 through August 31, 2004 to the Defense Contract Audit Agency under the LOGCAP III prime contract and applicable task order.

30. As a result of CAHILL's conduct, KBR was subsequently paid by the Defense Finance and Accounting Service for the non-existent war risk surcharges claimed on public vouchers as a part of KBR's actual costs plus allowable fees for those particular air cargo shipments by EGL. The amount paid to KBR for those air cargo shipments included approximately \$1,141,097 in fraudulent war risk charges, plus KBR's allowable fees.

31. In or about July 2004, CAHILL directed that a letter be obtained from Company A to the effect that Company A had stopped adding war risk surcharges to its invoices to EGL for air charter services from Dubai to Baghdad.

32. In or about July 2004, Company A provided to EGL a letter dated July 24, 2004 which stated that Company A "will no longer be charging USD 0.50 per kg War Risk Surcharges."

33. In or about March 2005, CAHILL directed a subordinate EGL employee at Dubai to create fraudulent Company A invoices purporting to document war risk surcharges billed to EGL.

34. In or about March 2005, an EGL employee complied with CAHILL's directive and created three fraudulent Company A invoices purportedly charging EGL \$89,655.50 for war risk surcharges on seven particular air cargo shipments to Baghdad during the period December 20, 2003 through December 30, 2003.

35. On or about March 23, 2005, CAHILL transmitted those three fraudulent Company A invoices by e-mail to EGL's headquarters office in Houston.

The Specific Offense

36. From on or about November 22, 2003, and continuing to on or about April 4, 2005, in the Central District of Illinois and elsewhere, the defendant,
CHRISTOPHER JOSEPH CAHILL,
knowingly executed and attempted to execute the above-described scheme and artifice with the intent to defraud the United States, and to obtain money by means of materially false and fraudulent pretenses and representations, as a part of the procurement of property and services as a subcontractor on a contract in which there was a prime contract with the United States, where the value of the prime contract for such property and services was in excess of \$1,000,000, and where the gross loss to the United States Government was at least \$500,000, all in violation of Title 18, United States Code, Sections 1031(a), (b)(1) and 2.

THE UNITED STATES OF AMERICA

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