

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

FILED

MAR 3 2006

JOHN M. WATERS, Clerk
U.S. DISTRICT COURT
CENTRAL DISTRICT OF ILLINOIS

THE UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
STEPHEN LOWELL SEAMANS,)
)
Defendant.)

Case No. 06-40017

Violations: Title 18, United
States Code, Sections 1343,
1956(h), and 2

INFORMATION

RODGER A. HEATON, UNITED STATES ATTORNEY, CHARGES:

COUNT ONE
(WIRE FRAUD)

A. Introductory Allegations

Overview

1. The defendant, STEPHEN LOWELL SEAMANS, along with others, devised a scheme to defraud the United States Government by accepting kickbacks from a subcontractor under a government prime contract.
2. The defendant developed and executed the fraud under the prime contract known as LOGCAP III that the United States Army had awarded for the logistical support of United States military operations.

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, which was 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, located at the Rock Island Arsenal, administered the LOGCAP III prime contract.

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

The Task Order and Payment Process

8. 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 KBR was to perform and the period of time to perform the work.

9. KBR commonly used subcontractors to accomplish a given task order. These subcontractors invoiced KBR for their work, and KBR paid those invoices.

10. Under the LOGCAP III prime contract, the United States Army reimbursed KBR for its allowable costs, which included payments made by KBR to subcontractors, plus KBR's allowable fees. Accordingly, KBR sent vouchers to the government for the cost of the LOGCAP III work done by the subcontractors, plus KBR's allowable fees. The vouchers were then paid by the Defense Finance and Accounting Service ("DFAS").

11. The Resource Management Unit of the Army Field Support Command managed the money for the LOGCAP III prime contract. Consequently, the Resource Management Unit in Rock Island, Illinois, obligated funding for the payment of task orders.

Contract Requirements Relating to a Military Dining Facility

12. Among the Army's requirements to be accomplished through the LOGCAP III prime contract was the provision of dining facility services to military personnel.

The Defendant

13. From in or about October 2002 through on or about November 23, 2002, and from in or about March 2003 through May 21, 2003, the defendant, a U.S. citizen, was stationed in Kuwait as a procurement employee of KBR. The defendant held the position of Procurement, Materials, and Property Manager. His duties included the negotiation, execution, and administration of subcontracts on behalf of KBR under the LOGCAP III prime contract.

14. The defendant then knew that he was prohibited by laws of the United States and KBR policies from accepting any bribes, kickbacks, or payoffs from any company or person.

The Subcontractor

15. The entity referred to herein as "Company A" was a Middle Eastern company that provided, among other things, dining facility services to KBR under the LOGCAP III prime contract.

B. The Scheme and Artifice

16. From at least in or about October 2002 and continuing through in or about May 2003, in the Central District of Illinois and elsewhere, the defendant,

STEPHEN LOWELL SEAMANS,

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

 The Manner and Means of the Scheme

 17. It was part of the scheme that the defendant and at least one manager of Company A agreed that the defendant would receive a kickback as a result of Company A's being awarded a KBR dining facility services subcontract under a LOGCAP III task order.

18. It was further part of the scheme that one or more managers of Company A paid or caused to be paid multiple kickback payments to the defendant in the form of, among other things, electronic funds transfers.

19. It was further part of the scheme that the defendant and others induced the Army Field Support Command to obligate funding toward the LOGCAP III task order encompassing the dining facility on the basis of the false

premise that no KBR employee would receive kickbacks for work KBR awarded under the task order.

 Acts in Furtherance of the Scheme

20. In or about October 2002, the defendant and Company A negotiated the terms of the dining facility subcontract.

21. In or about October 2002, and prior to the award of the dining facility subcontract, Company A offered to pay the defendant a kickback on the subcontract and the defendant accepted Company A's offer.

22. On or about October 15, 2002, the defendant awarded to Company A a subcontract under the LOGCAP III prime contract in the not-to-exceed amount of \$14,431,505 for dining facility services at Camp Arifjan, Kuwait, for a one-year period. This subcontract, no. GU49-KU-S00001, was awarded under Task Order 27 issued by the Army Field Support Command under the LOGCAP III prime contract. The parties to the subcontract were KBR and Company A. The defendant signed the subcontract on behalf of KBR.

23. By signing the dining facility subcontract on behalf of KBR on or about October 15, 2002, the defendant represented that he was not receiving a bribe, kickback, or any other gratuity from Company A or its representatives for the award of the subcontract.

24. On multiple dates, including but not limited to the dates set forth below, the Army Field Support Command obligated funding toward Task Order 27, which encompassed the dining facility subcontract awarded to Company A. The obligation of funding was based, in part, on the false premise, represented by the award of the dining facility subcontract, that neither the defendant nor any other KBR employee was receiving a bribe, kickback, or any other gratuity for the dining facility subcontract:

<u>On or About Date</u>	<u>Amount of Funds Obligated</u>
October 30, 2002	\$ 5,000,000.00
April 21, 2003	\$20,000,000.00
May 12, 2003	\$20,000,000.00

25. On approximately eight different dates from in or about October 2002 through at least in or about May 2003, Company A and one or more of its managers paid or caused to be paid a total of at least \$60,500 to the defendant as kickback payments.

C. The Charge

26. On or about April 23, 2003, in the Central District of Illinois and elsewhere, the defendant,

STEPHEN LOWELL SEAMANS,

for the purpose of executing and attempting to execute the above-described scheme and artifice to defraud the United States, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowingly transmitted and caused to be transmitted in interstate and foreign commerce by means of wire communications certain writings and signals, that is, the electronic transfer of \$9,000.00 from Bahrain to the defendant's bank account in Maryland.

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT TWO
(CONSPIRACY TO LAUNDER MONEY)

1. The United States Attorney realleges and incorporates by reference paragraphs 1 through 25 of Count One of this Information as though fully set forth in this Count Two.

2. From at least in or about October 2002 and continuing through at least in or about May 2003, the defendant,

STEPHEN LOWELL SEAMANS,

in the manner and means described below, did conspire with others known and unknown to the United States Attorney to knowingly conduct financial transactions affecting interstate and foreign commerce involving the proceeds of specified unlawful activity, that is, Wire Fraud in violation of Title 18, United States Code, Section 1343, knowing that the property involved in the financial transactions, that is, the money being transmitted by electronic funds transfers, represented the proceeds of some form of unlawful activity, and knowing that the transactions were designed in whole and in part to conceal and disguise the source of the proceeds of the specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

A. The Manner and Means of the Conspiracy

3. It was part of the conspiracy that the defendant agreed to receive money paid by or caused to be paid by Company A as a result of the awarding of the dining facility subcontract under the LOGCAP III prime contract.

4. It was further part of the conspiracy that Company A and one or more of its managers paid or caused to be paid to the defendant at least \$60,500 as a result of the awarding Company A the dining facility subcontract under the LOGCAP III prime contract.

5. It was further part of the conspiracy that approximately seven of such payments to the defendant were made by Company A through electronic funds transfers wherein the originator of the funds was intentionally not listed as Company A, but was instead specified as the name of an individual in Bahrain or Saudi Arabia.

6. It was further part of the conspiracy that these approximately seven payments to the defendant made by company A through electronic funds transfers were commingled in the defendant's bank account with other funds derived from legitimate sources.

B. Overt Acts

7. In furtherance of the conspiracy and to achieve the objects thereof, the defendant and his co-conspirators committed and caused to be committed one or more of the following overt acts:

a. On or about April 23, 2003, Company A caused to be transmitted to the defendant \$9,000.00 by electronic funds transfer from Bahrain to the defendant's bank account in Maryland.

b. On or about April 28, 2003, Company A caused to be transmitted to the defendant \$8,500.00 by electronic funds transfer from Bahrain to the defendant's bank account in Maryland.

c. On or about May 12, 2003, Company A caused to be transmitted to the defendant \$9,500.00 by electronic funds transfer from Bahrain to the defendant's bank account in Maryland.

d. On or about May 15, 2003, Company A caused to be transmitted to the defendant \$8,500.00 by electronic funds transfer from Bahrain to the defendant's bank account in Maryland.

e. On or about May 16, 2003, Company A caused to be transmitted to the defendant \$7,500.00 by electronic funds transfer from Bahrain to the defendant's bank account in Maryland.

f. On or about May 19, 2003, Company A caused to be transmitted to the defendant \$6,500.00 by electronic funds transfer from Bahrain to the defendant's bank account in Maryland.

g. On or about May 21, 2003, Company A caused to be transmitted to the defendant \$3,000.00 by electronic funds transfer from Saudi Arabia to the defendant's bank account in Maryland.

All in violation of Title 18, United States Code, Section 1956(h).

THE UNITED STATES OF AMERICA

RODGER A. HEATON
UNITED STATES ATTORNEY

By: /s/Greggory R. Walters
Greggory R. Walters
Assistant United States Attorney
One Technology Plaza
211 Fulton Street, Suite 400
Peoria, Illinois 61602
Tel: (309) 671-7050
Fax: (309) 671-7259
E-mail: greggory.walters@usdoj.gov
Ill. Reg. No. 6256826