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10/8/15

LJW: USAO# 2013R00375

FILED  
U.S. DISTRICT COURT  
DISTRICT OF MARYLAND

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND

UNITED STATES OF AMERICA

v.

JAMES T. SHANK,

Defendant

CLERK'S OFFICE

AT BALTIMORE

UNDER SEAL

DEPUTY

CRIMINAL NO. MJG-15-0530

(Wire Fraud Conspiracy, 18 U.S.C. §  
1349; Illegal Gratuities, 18 U.S.C. §  
201(c)(1)(B); Conflict of Interest, 18  
U.S.C. § 208; Forfeiture)

INDICTMENT

COUNT ONE

(Conspiracy)

The Grand Jury for the District of Maryland charges that:

At all times relevant,

Relevant Persons and Organizations

1. **JAMES T. SHANK** was a resident of Perry, Georgia.
2. Co-Conspirator 1 was a resident of Moultrie, Georgia.
3. Co-Conspirator 2 was a resident of Tampa, Florida.
4. From on or about August 28, 2006 until he retired on or about June 30, 2011, **SHANK** was employed as a Program Manager at the United States Navy's Space and Naval Warfare (SPAWAR) Systems Center, which is headquartered in Charleston, South Carolina. **SHANK** worked with various military services and agencies within the Department of Defense to procure telecommunications equipment and software and related services.

5. Co-Conspirator 1 was a Department of Defense Account Manager for Iron Bow Technologies, LLC (Iron Bow). Iron Bow “provided business-aligned IT consulting, managed services and full-lifecycle solutions” to government and industry customers and had annual revenues of approximately \$750 million. Iron Bow was headquartered in Chantilly, Virginia.
6. Between January 23, 2009 and January 25, 2011, Co-Conspirator 1 received \$565,488.92 in salary and commission from Iron Bow, principally for sales associated with government contracts.
7. Co-Conspirator 1 was an owner of and operated Superior Communications Solutions, Inc. (SCSI). SCSI was incorporated in Georgia in 2005 and in 2011 was converted to a Florida corporation. SCSI was an information technology company.
8. Co-Conspirator 2 was a program manager for Advanced C4 Solutions, or AC4S, from 2005 until 2011. AC4S was an information technology company headquartered in Tampa, Florida. In 2011, Co-Conspirator 2 left AC4S and went to work for Co-Conspirator 1 at SCSI.
9. Joint Base Andrews was a United States military facility located in Prince George's County, Maryland. The facility was under the jurisdiction of the United States Air Force 11th Wing, Air Force District of Washington (hereafter “AFDW”).
10. The Defense Contract Management Agency (DCMA) was a United States government agency that managed procurements for the United States Department of Defense, including at Joint Base Andrews. DCMA was located in Baltimore, Maryland.
11. Optivor LLC was an information technology company located in Annapolis Junction, Maryland.

12. Tribalco LLC was an information technology with offices in Bethesda, Maryland.

**The Scheme and Artifice to Defraud**

13. From in or about September 2009, until in or about August 2012, in the District of Maryland and elsewhere, the defendants, **JAMES SHANK**, Co-Conspirator 1 and Co-Conspirator 2, knowingly devised and intended to devise a scheme and artifice to defraud the United States, and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and caused the transmission of certain writings and signals in interstate commerce for the purpose of executing such scheme or artifice (hereinafter, the “scheme to defraud”).

**The Conspiracy to Execute the Scheme to Defraud**

14. Between in or about September 2009 and in or about August 2012, in the District of Maryland and elsewhere, the defendant,

**JAMES SHANK,**

Co-conspirator 1 and Co-Conspirator 2 knowingly and willfully conspired with each other and with other persons known and unknown to the Grand Jury to devise, execute and attempt to execute a scheme and artifice to defraud the United States, and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and to cause the transmission of certain writings and signals in interstate commerce for the purpose of executing such scheme or artifice in violation of Title 18, United States Code, Section 1343.

**Manner and Means of the Scheme to Defraud and Conspiracy**

15. It was part of the conspiracy and scheme to defraud that **SHANK** improperly shared sensitive information with Co-Conspirator 1 and Co-Conspirator 2 in order to give Co-Conspirator 1 and Co-Conspirator 2 and the companies they worked for and owned an unfair competitive advantage in various government procurements.
16. It was further part of the conspiracy and scheme to defraud that **SHANK** worked with Co-Conspirator 1 and Co-Conspirator 2 to structure government contracts so that the companies Co-Conspirator 1 and Co-Conspirator 2 worked for and owned had an unfair competitive advantage over other potential bidders.
17. It was further part of the conspiracy and scheme to defraud that Co-Conspirator 1 and Co-Conspirator 2 caused the submission of false and fraudulent invoices to the United States.
18. It was further part of the conspiracy and scheme to defraud that Co-Conspirator 1 offered and **SHANK** accepted employment with SCSi while **SHANK** was still a government employee and while **SHANK** was taking official actions that benefited Co-Conspirator 1.
19. It was further part of the conspiracy and scheme to defraud that **WILKERSON** paid Co-Conspirator 3 \$86,000 in the year after Co-Conspirator 3 retired from United States government service funneling the payment through at least one and in some cases two other companies in order to conceal the source of the funds.

**The Jones and Smart Buildings Project**

20. In 2009, AFDW began the process of procuring Gigabyte Passive Optical Networking or GPON technology for two buildings at Joint Base Andrews, the William A. Jones III

Building (hereafter the “Jones Building”) and the Jacob E. Smart Building (hereafter the “Smart Building”). This project encompassed multiple delivery orders for telecommunications equipment, awarded to Iron Bow, a delivery order for labor to install the GPON technology, awarded to AC4S, and a delivery order for telephones and related licenses, awarded to Tribalco. Ultimately, the project also encompassed procuring furniture for the Jones and Smart buildings through two delivery orders issued to Iron Bow. SCSI acted as a subcontractor to Iron Bow and AC4S.

21. **SHANK** was the SPAWAR program manager for the Jones and Smart Buildings project.

**SHANK** prepared statements of work for the project and helped prepare bid packages for the contracting officers assigned to the project. **SHANK** was the “originator” on the labor portion of the project, which was called “Delivery Order 27” or “DO27” for contract number N65236-08-D-280027, and on more than 11 delivery orders, all issued under contract number W91QUZ-07-D-0010, that purchased telecommunications equipment and furniture, as described below, for the Jones and Smart buildings. As the “originator,” **SHANK** formally initiated the procurement process for these goods and services. The contracting officers that awarded DO27 and the other delivery orders described below relied on **SHANK** for accurate information about the goods and services that were being procured.

22. Co-Conspirator 2 was the project manager for Delivery Order 27. Co-Conspirator 2 also had certain responsibilities for managing the receipt of hardware that was installed in the Jones and Smart Buildings pursuant to DO27.

**A. Delivery Order 27 (the Labor Contract)**

23. **SHANK**, Co-Conspirator 1 and Co-Conspirator 2 developed a request for proposal (hereafter "RFP") for DO27, the labor portion of the Jones and Smart Buildings project, including for overall project management services.
24. **SHANK** and Co-Conspirator 2 drafted the RFP for the labor portion of the project so that AC4S would win the contract. This gave AC4S an unfair advantage over other companies bidding on the project.
25. Co-Conspirator 1 provided Co-Conspirator 2 with a quote for labor to install the GPON technology at the Jones and Smart Buildings, and other locations, submitted on behalf of SCSI, that was less than a quote Iron Bow had submitted. Co-Conspirator 1 knew what Iron Bow had bid because Co-Conspirator 1 also submitted Iron Bow's quote in his role as a sales representative for Iron Bow.
26. On June 10, 2010, DO27 was awarded to AC4S in the amount of \$18,332,738.10.
27. While **SHANK** was the SPAWAR program manager for the Jones and Smart Buildings project, on June 10, 2010, **SHANK** was also formally appointed the Delivery Order Contract Officer's Representative (DOCOR) for DO27. A DOCOR functions as the "eyes and ears" of the Contracting Officer, including monitoring technical performance and reporting any potential or actual problems to the Contracting Officer and is responsible for verifying satisfactory contract performance and timely delivery as set forth in the contract. A DOCOR performs this role by observing and documenting the contractor's technical performance and reporting it to the Contracting Officer.
28. While SCSI was selected as a subcontractor on DO27, and Iron Bow was not, employees of Iron Bow did the work called for under SCSI's subcontract. While SCSI did little to

no work, Co-Conspirator 1 was able to earn income from the work Iron Bow employees were doing by having SCSi act as a middleman and charge a mark-up on Iron Bow's work.

29. SCSi received \$6,794,432.98 on DO27 out of the \$18 million AC4S received for providing labor for the project.

**B. Hardware and Furniture Delivery Orders**

30. **SHANK** was the originator on multiple delivery orders issued under contract number W91QUZ-07-D-0010 to Iron Bow in 2010 and 2011 that totaled more than \$35 million.
31. The contract and delivery orders were issued under the Information Technology Enterprise Solutions (ITES)-2H program for the procurement of "IT equipment for server, storage, and network environments as well as all associated services."
32. Delivery orders V7LJ, V7MD, V7MP, V7N7, V7ND, V7QR, V7B7 and V7D5 included telecommunications equipment and/or furniture that was assigned SCSi-specific part numbers. These part numbers were created by Co-Conspirator 1. The use of SCSi specific part numbers meant that SCSi was guaranteed to receive revenue from these delivery orders.
33. SCSi received approximately \$33 million of the \$35 million paid to Iron Bow under the various furniture and equipment delivery orders originated by **SHANK**.
34. While the ITES-2H program was a procurement program for technology hardware, **SHANK** and Co-Conspirator 1 used the ITES-2H as a vehicle to steer the purchase of furniture for the Jones and Smart buildings to SCSi. Co-Conspirator 1 took multiple items of commercially available furniture, bundled them together and assigned them an SCSi specific number and a price that included a significant mark up over what SCSi

paid the furniture manufacturer for the items. **SHANK** then submitted to SPAWAR contracting officers a purchase order asking for authority to buy the bundle of furniture that bore the SCSI specific part number.

35. Delivery order V7MD, in the amount of \$7,359,999.98 and delivery order V7MP, in the amount of \$16,034,843.79, contained furniture. As a subcontractor to Iron Bow, SCSI obtained the furniture procured through these delivery orders. Co-Conspirator 1 charged the United States a 25 percent markup on furniture purchased under these two purchase orders, resulting in a profit of more than \$6 million.
36. In addition, from 2010 until his retirement in June 2011, **SHANK** falsely certified that the United States government received more than \$1 million worth of goods under the W91QUZ-07-D-0010 contract that the government did not in fact receive.

### **C. Telephones and Licenses Contract**

37. In February 2011, **SHANK** was attempting to procure telephones and related licenses for the Jones and Smart buildings. On February 28, 2011, **SHANK** received a bid from Optivor LLC. That same day, **SHANK** shared Optivor's bid with Co-Conspirator 1 and Co-Conspirator 2. **SHANK** emailed Co-Conspirator 1 and copied Co-Conspirator 2 at his AC4S email account. In his email, **SHANK** wrote, "[Co-Conspirator 1], Here are the quotes.....what do you think? Do you want to step into the fray?.....I'll call around 1330." Attached to his email was Optivor's bid.
38. AC4S, Iron Bow and SCSI did not bid on the contract because they were not eligible to do so. Ultimately, Tribalco LLC was awarded the contract for telephones and licenses at the Jones and Smart Building under contract number N65236-10-D-5102, a contract administered by DCMA in Baltimore, Maryland.



**D. Employment with SCSi for SHANK and Co-Conspirator 2**

39. In late 2010 or early 2011, Co-Conspirator 1 offered **SHANK** employment. **SHANK** did not disclose that fact to anyone at SPAWAR and did not recuse himself from any of the contracts that benefited Co-Conspirator 1.
40. In February 2011, Co-Conspirator 2 left AC4S and went to work for Co-Conspirator 1 at SCSi. Co-Conspirator 2 received a \$500,000 bonus when he joined SCSi. This bonus was paid for by profit Co-Conspirator 1 had earned on the furniture contracts.
41. In March 2011, AC4S stopped working on the Jones and Smart Buildings project because it claimed that it was running out of funds under DO27. At that point, the project was not complete. Further, SCSi and AC4S were in a dispute over which company was supposed to actually install the furniture and other equipment in the Jones and Smart Buildings, with each claiming it was the other company's responsibility.
42. On March 26, 2011, as a result of the breakdown of the project, **SHANK** was directed by R.J., a senior manager at SPAWAR, to "pause everything on AFDW and run it through me."
43. In April 2011, **SHANK** accepted more than \$3.7 million worth of invoices that benefited SCSi without informing R.J.
44. On April 26, 2011, **SHANK** was replaced as the DOCOR appointed to DO27.
45. By May 18, 2011, **SHANK** had accepted an offer of employment from Co-Conspirator 1. **SHANK** did not disclose that fact to anyone at SPAWAR and did not recuse himself from continued participation in any of the contracts that benefited Co-Conspirator 1.
46. After May 18, 2011, **SHANK** accepted more than \$1.1 million worth of invoices that benefited SCSi and, therefore, Co-Conspirator 1, as one of its owners.

47. On June 17, 2011, S.B., the Chief Executive Officer of SCSI at the time, emailed **SHANK** an "ORDER DELIVERY ACCEPTANCE" form which stated, "This is to acknowledge all items contained in V7ND Mod 2 have been delivered complete as of June 17, 2010 [sic]." **SHANK** signed the form as the "PM" or project manager for SPAWAR and S.B. signed the form as CEO of SCSI. The form was dated June 17, 2011. Further, in the email to which the signed form was attached, **SHANK** wrote, "I already approved payment in WAWF." Wide Area Work Flow (WAWF) is an online platform where government contractors can upload invoices and then receive payments after the responsible government official has certified that the work for which payment is sought has been performed. SCSI received \$537,772.86 of the \$563,112.95 paid out to Iron Bow as a result of **SHANK's** delivery acceptance.

48. **SHANK** retired from SPAWAR on June 30, 2011.

49. Between July 2011 until August 2012, Co-Conspirator 1 paid **SHANK** approximately \$86,000. The funds that Co-Conspirator 1 paid **SHANK** were funneled through T&M Communications, LLC, a company owned by T.R., a senior executive at SCSI, who ultimately paid out the funds to **SHANK**. Further, in some instances funds paid to **SHANK** were also funneled through Decision Point Technologies, LLC, another company owned by Co-Conspirator 1. **SHANK** did no work for Decision Point Technologies or T&M Communications in that time period.

**E. False SCSI Invoices for DO27**

50. The subcontract between SCSI and AC4S under DO27 required SCSI to account for time SCSI employees spent working on DO27. However, SCSI employees did not record the time they spent working on DO27. Further, SCSI subcontracted with Iron Bow to

provide most of the labor SCSI was supposed to provide under DO27. As a result, SCSI was unable to submit time records to AC4S for work its employees did under DO27 or the work done by Iron Bow employees. Rather than disclose this fact, Co-Conspirator 1 and Co-Conspirator 2 directed an SCSI employee to create false invoices that were submitted to AC4S and then paid by the United States government.

18 U.S.C. § 1349

**COUNT TWO**  
(Receipt of Illegal Gratuities)

1. Paragraphs One through Thirteen and Fifteen through Fifty of Count One are hereby realleged and incorporated by reference herein as though fully set forth in this Count of the Indictment.
2. On or about December 2010 to on or about August 2012, in the District of Maryland,

**JAMES T. SHANK,**

the defendant, a public official, otherwise than as provided by law for the proper discharge of official duties, directly and indirectly did demand, seek, receive, accept, and agree to receive and accept something of value personally for and because of an official act performed and to be performed by such official, that is the Defendant negotiated for and received an offer of employment from Co-Conspirator 1 and subsequently received pursuant to this employment arrangement \$86,000 from Co-Conspirator 1 for official acts associated with delivery order 27 under contract number N65236-08-D-2800 and delivery orders V7LJ, V7MD, V7MP, V7N7, V7ND, V7QR, V7B7 and V7D5 under contract number W91QUZ07D0010.

18 U.S.C. § 201(c)(1)(B)

**COUNT THREE**  
(Criminal Conflict of Interest)

1. Paragraphs One through Thirteen and Fifteen through Fifty of Count One are hereby realleged and incorporated by reference herein as though fully set forth in this Count of the Indictment.
2. On or about February 3, 2010, **SHANK** took a training course called "COR with a Mission Focus." Among the information presented as part of that course was a slide titled, "Standards of Conduct" that informed **SHANK** that:

Contracting with the Government and official participation by the employee in matters in which he or she has a financial interest are two major prohibitions applicable to Government contracting. 18 U.S.C. Section 208(a) prohibits officers and employees from participating "personally and substantially" in particular matters in which such employees or organizations in which they serve or with which they are negotiating for prospective employment have a financial interest.
3. **SHANK** also took annual ethics training in 2007, 2008, 2009 and 2010.
4. On or about December 2010 through on or about June 2011, in the District of Maryland,

**JAMES T. SHANK,**

the defendant, being an employee of the executive branch of the United States Government knowingly and willfully participated personally and substantially as a Government officer and employee, through decision, approval and recommendation, in contracts in which a person/organization with whom the Defendant was negotiating for prospective employment and a person/organization with whom defendant had an arrangement for prospective employment had a financial interest, to wit: the Defendant negotiated for and received an offer of employment from Co-Conspirator 1 and subsequently received pursuant to this employment arrangement \$86,000 from Co-Conspirator 1 for official acts associated with delivery order 27 under contract number N65236-08-D-2800 and delivery orders V7LJ,

V7MD, V7MP, V7N7, V7ND, V7QR, V7B7 and V7D5 under contract number

W91QUZ07D0010.

18 U.S.C. § 208

**FORFEITURE ALLEGATIONS**

5. The allegations contained in Paragraphs One through Twelve and Fifteen through Fifty of Count One of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C).
6. Upon conviction of the offenses set forth in Counts One through Three, the defendant,

**JAMES SHANK,**

shall forfeit to the United States of America, pursuant to 18 U.S.C. § 981(a)(1)(C), any property constituting, or derived from, proceeds obtained directly or indirectly, as the result of such violations, including but not limited to the following: a Money Judgment in the amount of at least \$86,000 in U.S. Currency.

7. If any of the property described above, as a result of any act or omission of the defendant,
- b. cannot be located upon the exercise of due diligence
  - c. has been transferred or sold to, or deposited with, a third party
  - d. has been placed beyond the jurisdiction of the court;
  - e. has been substantially diminished in value; or
  - f. has been commingled with other property that cannot be divided without difficulty;

the United States of America shall be entitled to forfeiture of substitute property pursuant to 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c).

All pursuant to 18 U.S.C. § 982(a)(2).

Rod J. Rosenstein / LJR  
Rod J. Rosenstein  
United States Attorney for the  
District of Maryland

A TRUE BILL:

**SIGNATURE REDACTED**

\_\_\_\_\_  
Foreperson

Date: 10/8/15