



# Department of Justice

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**GRAND JURY RETURNS INDICTMENT CHARGING THREE INDIVIDUALS,  
CORPORATION IN ALLEGED \$54 MILLION PROCUREMENT FRAUD, BRIBERY  
CASE INVOLVING CONTRACT FOR WORK IN AFGHANISTAN**

SALT LAKE CITY – Three individuals and a corporation are charged with fraud and bribery in connection with the procurement of a military contract for services in Afghanistan, according to an indictment returned by a federal grand jury in Salt Lake City Wednesday.

Charged in the 72-count indictment are David Young, age 49, of Hernando Beach, Florida; Christopher Harris, age 48, of Lake Havasu, Arizona; Michael Taylor, age 51, of Boston; and American International Security Corporation (AISC), incorporated in Massachusetts. According to the indictment, Taylor served as president and owner of AISC.

The indictment alleges conspiracy, procurement fraud, bribery of a public official, acceptance of a bribe by a public official, wire fraud, money laundering, conspiracy to commit money laundering, and structuring transactions in connection with the alleged scheme. The charges follow an investigation by Defense Criminal Investigative Service (DCIS), Internal Revenue Service-Criminal Investigation, U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI), and the U.S. Army Criminal Investigation Command, Major Procurement Fraud Unit.

According to the indictment, in the spring of 2007, bids for a contract to manage Afghan supplies and equipment and to train Afghan commando troops to manage their own supplies and equipment were solicited by the U.S. Army. Because it deemed the need to train Afghan forces as urgent, the Army requested a limited number of bids for the contract from private entities selected by the Army. The contract required the work to be performed in Afghanistan by a U.S. company. The indictment alleges the defendants conspired to use protected contract information to obtain an unfair competitive advantage for AISC over other contract bidders.

The indictment alleges that Young, an activated reservist in the Army with the rank of Lieutenant Colonel, served as a current or former public official in his action for and on behalf of the United States Army. By virtue of his position, Young had access to bid, proposal, and source selection information about a contract related to logistics and weapons maintenance support for Afghan units, including information establishing the government's price estimate and had

identified one or more of the limited number of bidders. As a current or former official with responsibilities involving the contract, Young was barred from personally benefiting from the contract.

The indictment alleges that before the contract was awarded, Young disclosed information about the government's price estimate, source selection criteria, competing bid information, and other confidential procurement information to Harris, Taylor, and AISC. The indictment also alleges Harris, Taylor, and AISC gave, offered and promised money to Young in return for him using his official position to influence the solicitation and award of the contract.

Using the protected contract information, AISC submitted a bid to the U.S. Army for the contract of \$899,782, a bid the indictment alleges closely matched the military's price estimate for the contract which Young had helped establish. AISC was awarded the six-month contract in the amount of \$899,781.96. The indictment also alleges that based on the initial fraud in the procurement of the pilot contract, Harris, Young, and Taylor obtained extensions of the contract and four additional follow-on contracts. According to the indictment, AISC received approximately \$54 million from the Army under the contract. The co-conspirators distributed more than \$20 million among themselves, the indictment alleges.

The indictment alleges 13 counts of bribery of a public official and 13 counts of acceptance of a bribe by a public official in connection with payments Harris, Taylor, and AISC made to Young. The indictment alleges Harris, Young, Taylor and AISC used nominee entities and individuals to conduct and conceal the transfer of proceeds of their scheme among themselves.

The indictment charges 16 counts of wire fraud involving email correspondence between the defendants as a part of the execution of the alleged fraud scheme.

Several counts of the indictment relate to alleged steps the defendants took to conceal and disguise the nature and existence of the proceeds of the alleged fraud, including several counts of conspiracy to commit money laundering, money laundering and structuring transactions. Harris is charged in seven counts with structuring currency transactions he made at America First Credit Union in St. George, Utah, to avoid the financial institution's legal obligation to report transactions in excess of \$10,000. The indictment alleges Harris made a series of \$9,000 cash withdrawals from the credit union between May 2009 and February 2010.

"As we are all aware, families in Utah and all across America continue to send loved ones to serve our nation in Afghanistan, and taxpayers continue to pay for the cost of the effort. Our office will fully and aggressively pursue alleged public corruption and fraud against taxpayers and the government such as that identified in today's indictment," David B. Barlow, United States Attorney for Utah, said today.

"The indictment in this investigation is the result of a highly successful joint effort by the Defense Criminal Investigative Service (DCIS) and our law enforcement partners from the Internal Revenue Service-Criminal Investigations Division, the Department of Homeland

Security-Homeland Security Investigations, and the U.S. Army Criminal Investigation Command," said Janice M. Flores, Special Agent in Charge of the DCIS Southwest Field Office.

"Fraud and corruption in military contracting not only take away precious dollars necessary for the dedicated American warfighter, but they undermine the confidence of the American public who demand a military procurement system that spends their tax dollars wisely and responsibly. In this case, it is alleged that both a military officer and a government contractor betrayed the public's trust. This investigation should serve as a warning for those intent on defrauding the U.S. military and American public that law enforcement will pursue these crimes relentlessly," Special Agent in Charge Flores said.

"The scope, complexity and brazenness of this alleged fraud scheme are astounding. If the allegations prove true, millions of dollars in U.S. government funds earmarked to help train and equip Afghan soldiers were used instead to indulge the defendants' appetites for wealth and opulent lifestyles, including investments in private planes, precious metals and real estate," said U.S. Immigration and Customs Enforcement (ICE) Director John Morton. "As this long-term probe and the resulting indictment make clear, HSI and its investigative partners are committed to ensuring that those who misuse taxpayers' dollars and violate the public's trust are held accountable for their actions."

"IRS Criminal Investigation is proud to lend its financial investigative expertise to complex, multi-agency investigations," Paul Camacho, IRS Special Agent in Charge of the Las Vegas Field Office, said. "By working closely with our fellow law enforcement partners, we can ensure that crime doesn't pay. We hit the bad guys where it hurts - in their wallets. By taking away their assets and profits, we deprive them of the proceeds of their criminal activity."

The indictment also contains a notice of intent to seek forfeiture of substantial real and personal property, including more than \$6 million in funds; approximately 20 houses and other real property in Utah, Florida, and New Hampshire; motor vehicles, including a Hummer and a Jaguar; and hundreds of gold coins.

Harris was arrested in Utah on a complaint filed in July. He had an initial appearance and was released. Summonses will be issued to AISC, Young and Taylor to appear in U.S. District Court in Salt Lake City.

The potential maximum penalty for the conspiracy count in the indictment is up to five years. The two government procurement fraud counts also have potential five-year sentences. The potential penalty for the bribery of a public official and acceptance of a bribe by a public official is 15 years per count. Each of the 16 wire fraud counts has a potential 30-year penalty. The money laundering counts carry potential maximum penalties of up to 20 years per count (counts 46 through 58) and up to 10 years per count (counts 59-65). The structuring transactions counts carry potential penalties of up to five years per count.

Indictments are not findings of guilt. Individuals charged in indictments are presumed innocent unless or until proven guilty in court.