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Two U.S. Contractor Employees Sentenced for Kickback Conspiracy and Tax Crimes Related to Iraq Reconstruction Efforts

WASHINGTON – Two former employees of The Parsons Company, an international engineering and construction firm, were sentenced in federal court in the Northern District of Alabama for their participation in a kickback conspiracy in Iraq and related tax crimes, announced Assistant Attorney General Lanny A. Breuer of the Criminal Division and U.S. Attorney for the Northern District of Alabama Joyce White Vance.

Billy Joe Hunt, 57, was sentenced today by U.S. District Judge Abdul Kallon in federal court in Huntsville, Ala., to 15 months in prison, three years of supervised release, \$66,212 in restitution to the Internal Revenue Service (IRS) and forfeiture of \$236,472. Gaines R. Newell Jr., 53, was sentenced yesterday by U.S. District Judge Virginia Hopkins in federal court in Birmingham, Ala., to 27 months in prison, three years of supervised release, \$1,102,115 in restitution (\$861,027 to the U.S. Army Corps of Engineers and \$241,088 to the IRS) and forfeiture of \$861,027.

On May 8, 2012, Hunt pleaded guilty to one count of conspiracy to commit mail and wire fraud and pay kickbacks, and one count of subscribing a false tax return. On April 10, 2012, Newell pleaded guilty to one count of conspiracy to commit mail and wire fraud and to pay kickbacks, and one count of subscribing a false tax return.

According to court documents, Newell and Hunt were employed by Parsons in Iraq as program manager and deputy program manager, respectively, under a contract that Parsons held to support the Coalition Munitions Clearance Program operated by the U.S. Army Corps of Engineers in Huntsville. The Coalition Munitions Program sought to preclude insurgents and other unfriendly groups from getting munitions that had been stockpiled, abandoned or seized, and using them against Coalition forces or the Iraqi public. In their plea proceedings, Newell and Hunt admitted taking over \$1 million in kickbacks from subcontractors from 2005 to 2007, in return for arranging to award contracts on the munitions clearance program to subcontractors. Newell and Hunt also admitted filing false federal income tax returns by not disclosing kickback income.

On May 21, 2012, Hunt and Newell's co-conspirator Ahmed Sarchil Kazzaz, 45, pleaded guilty for his role in the scheme. Kazzaz and his business, Leadstay Company, were indicted in the Northern District of Alabama in September 2011 for paying over \$947,000 in kickbacks to Newell and Hunt. According to the plea agreement, between March 2006 and June 2007, Kazzaz agreed to pay kickbacks to Newell and Hunt totaling 13 percent of the amounts paid by Parsons, and thus obtained over \$23 million in subcontracts providing materials and equipment to Parsons. After Kazzaz's arrest in Los Angeles on Dec. 2, 2011, this case was transferred to the Central District of California, where Kazzaz pleaded guilty. His sentencing is set for Oct. 29, 2012 before U.S. District Judge R. Gary Klausner in the Central District of California.

The cases are being prosecuted by Catherine Votaw, Director of Procurement Fraud for the Criminal Division's Fraud Section, and Assistant U.S. Attorney David Estes of the Northern District of Alabama. The investigation was handled by the Special Inspector General for Iraq Reconstruction, the Defense Criminal Investigative Service, the IRS-Criminal Investigations Division and the FBI.

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Criminal Division