FILED IN OPEN COURT
8/13/09
TIMOTHY M. O'BRIEN, CLERK
BY [signature] DEPUTY CLERK

UNITED STATES DISTRICT COURT

DISTRICT OF KANSAS

UNITED STATES OF AMERICA	)	Case Number: 2:09-cr-20100
	)	Filed
STEPHANIE D. BLACKMON,	)	Violation: 15 U.S.C. § 645(a)
Defendant.	)	

PLEA AGREEMENT

The United States of America and Stephanie D. Blackmon ("Defendant") hereby enter into the following Plea Agreement pursuant to Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure:

RIGHTS OF DEFENDANT

1. Defendant understands her rights:

   (a) to be represented by an attorney;

   (b) to be charged by Indictment;

   (c) to plead not guilty to any criminal charge brought against her;

   (d) to have a trial by jury, at which she would be presumed not guilty of the charge and the United States would have to prove every essential element of the charged offense beyond a reasonable doubt for her to be found guilty;

   (e) to confront and cross-examine witnesses against her and to subpoena witnesses in her defense at trial;

   (f) not to be compelled to incriminate herself;

(g) to appeal her conviction, if she is found guilty; and

(h) to appeal the imposition of sentence against her.

AGREEMENT TO PLEAD GUILTY AND WAIVE CERTAIN RIGHTS

2. Defendant knowingly and voluntarily waives the rights set out in Paragraph 1(b)-(g) above. Defendant also knowingly and voluntarily waives venue, as well as her right to file any appeal, any collateral attack, or any other writ or motion, including but not limited to an appeal under 18 U.S.C. § 3742 or a motion under 28 U.S.C. § 2241 or 2255, that challenges the sentence imposed by the Court, regardless of how the sentence is determined by the Court, if that sentence is consistent with or below the United States Sentencing Guidelines calculations set forth in Paragraphs 9-10. This Plea Agreement does not affect the rights or obligations of the United States as set forth in 18 U.S.C. § 3742(b). Nothing in this paragraph, however, shall act as a bar to Defendant perfecting any legal remedies she may otherwise have on appeal or collateral attack respecting claims of ineffective assistance of counsel or prosecutorial misconduct. Defendant agrees that there is currently no known evidence of ineffective assistance of counsel or prosecutorial misconduct.

3. Pursuant to Rule 7(b) of the Federal Rules of Criminal Procedure, Defendant will waive indictment and plead guilty at arraignment to a one-count Information charging Defendant with making a false statement to the United States Small Business Administration ("SBA") in violation of Title 15 of the United States Code Section 645(a) to be filed in the United States District Court for the District of Kansas. By entering into this Plea Agreement, Defendant admits to knowingly committing this offense and to being guilty of this offense.

4. Defendant, pursuant to the terms of this Plea Agreement, will plead guilty to the criminal charge described in Paragraph 3 above and will make a factual admission of guilt to the Court in accordance with Rule 11 of the Federal Rules of Criminal Procedure, as set forth in Paragraph 5 below. The United States agrees that at the arraignment, it will stipulate to the release of Defendant on her personal recognizance, pursuant to 18 U.S.C. § 3142, pending the sentencing hearing in this case.

FACTUAL BASIS FOR OFFENSE CHARGED

5. Defendant is pleading guilty because she is in fact guilty of the charge contained in the Information. In pleading guilty, Defendant admits the following facts and that those facts establish her guilt beyond a reasonable doubt to the charge contained in the Information:

(a) Beginning in or about November 2003 and continuing through at least approximately April 2007 (the "relevant period"), Defendant, a service-disabled African-American female, was the owner and nominal President of PATRIOT SERVICES, INC. ("PATRIOT"). Beginning in or about January 2000 and continuing through approximately April 2007, Defendant also was an employee of Company A.

(b) PATRIOT is a corporation organized and existing under the laws of Georgia with its principal place of business in Griffin, Georgia, and is engaged in the business of providing temporary staffing services to various agencies and departments of the United States Government at various locations throughout the United States.

(c) Company A was a corporation engaged in the business of providing temporary staffing services at various locations throughout the United States. During the relevant period Defendant understood that Company A was too large to qualify as a small

business under the United States Small Business Administration's ("SBA") standards. Similarly, Defendant understood that during the relevant period Company A was not qualified as a socially and economically disadvantaged company under Section 8(a) of the Small Business Act ("8(a)"), nor could it have qualified as an 8(a) company because it was not owned and operated by a socially and economically disadvantaged individual.

(d) On or about June 4, 2005, Company A was acquired by another company. All references to Company A in this Plea Agreement on or after June 4, 2005 shall mean Company A as a subsidiary of that parent company.

(e) Beginning at least as early as January 2000 and continuing until approximately June 4, 2005, Individual A, a Caucasian male, was co-owner and President of Company A. When Company A was acquired in or about June 4, 2005, Individual A ceased to be a co-owner of Company A, but remained as an executive with Company A until approximately June 2006. Individual A was Defendant's employer at Company A from at least as early as January 2000 until approximately June 2006, when Individual A left Company A. From in or about June 2006 until approximately April 2007, Individual A represented himself as Vice President of PATRIOT.

(f) Beginning at least as early as January 2000 and continuing until at least December 2005, Individual B, a Caucasian male, was co-owner and Vice President of Company A and, as such, also was Defendant's employer during that time. Beginning in or about November 2003 and continuing until in or about December 2005, Individual B also was involved in the operation of PATRIOT's business.

(g) During the relevant period and continuing until November 2006,

Individual C, a Caucasian female, served as Director of Human Resources for Company A. Individual C also was Marketing Director for Company A. Beginning at least as early as November 2005 and continuing until in or about April 2007, Individual C also was involved in the operation of PATRIOT's business.

(h) Beginning in or about March 2003 and continuing through in or about April 2007, Individual D, a Caucasian male and the son of Individual A, was an executive with Company A. During the relevant period, Individual D also was involved in the operation of PATRIOT's business.

(i) Company B was a corporation engaged in the business of providing funding and back office management. Defendant understood that Individual D was the President of Company B, Individual C was the Vice President of Company B, and Individual A was involved in the management and operation of Company B.

(j) Individual E was a contracting officer with the United States Department of Veterans Affairs ("VA") until his retirement in or about January 2007. Individual E had responsibility for, among other things, negotiating contracts on behalf of the Leavenworth Consolidated Mail Outpatient Pharmacy ("CMOP").

(k) In or about October 2003, Individual A told Defendant that the owner of PATRIOT at that time was looking to sell the business and encouraged Defendant to purchase PATRIOT.

(l) On or about November 26, 2003, Defendant purchased PATRIOT's stock for $1,000. Because Defendant lacked the necessary funds, Individual B arranged for Company A to loan Defendant $1,000 to finance the purchase. Individual B also arranged for a lawyer to

assist Defendant in closing the transaction.

(m) Defendant continued to work full time as an employee of Company A even after she acquired PATRIOT and became its nominal President. Defendant's responsibilities at Company A included managing various contracts and implementing company security and drug testing policies. From January 2004 through December 2006, during which time she was the owner and nominal President of PATRIOT, Defendant continued to receive a salary from Company A commensurate with full-time employment – drawing annualized salaries of approximately $40,000 a year. Defendant continued to receive a salary from Company A commensurate with full-time employment through April 2007.

(n) One of Defendant's responsibilities as an employee of Company A was to manage Company A's contract with the Baltimore VA. Beginning in or about October 2003 and continuing until approximately April 2007, Defendant managed the Baltimore VA contract for Company A. For a period of time, beginning in or about January 2006, Defendant was the only employee of Company A managing the Baltimore VA contract and was required to be available at all times to answer questions and manage staffing issues relating to this contract, which at times necessitated that she work on the contract during normal business hours. Defendant knew that she was not devoting full-time attention to PATRIOT while she was working on Company A's contract with the Baltimore VA.

(o) Defendant's job responsibilities at PATRIOT were limited to managing the various contracts that Individuals A, B, C, and others had secured on behalf of the company. Defendant's job responsibilities at PATRIOT were the same responsibilities she had at Company A.

(p) Individual A determined Defendant's salary from PATRIOT. In 2004 and 2005, Defendant received no salary from PATRIOT. For the full year 2006, Defendant received approximately $1,200 in salary from PATRIOT. From January 1, 2007 through the end of April 2007, Defendant received approximately $7,600 in salary from PATRIOT.

(q) Beginning in 2004 and continuing throughout 2005, Individual B pressured Defendant to secure certification from the VA as a service-disabled veteran ("SDV"). Defendant understood that having SDV status would make PATRIOT eligible to bid on, and receive, contracts set aside for SDV-owned businesses. Individual B told Defendant that he submitted bids on behalf of PATRIOT in which he represented that PATRIOT was an SDV-owned business before Defendant had received SDV certification.

(r) Beginning at least as early as January 2005, Defendant knew that Individuals A, B, and C, as well as various other employees of Company A, were identifying contracting opportunities for PATRIOT, and beginning at least as early as June 2005, Defendant knew that Individuals A, B, and C, as well as various other employees of Company A, were preparing and submitting bids for PATRIOT. Defendant was not involved in identifying contracting opportunities for PATRIOT or deciding whether PATRIOT would submit bids, nor was she involved in negotiating bids for PATRIOT. PATRIOT was run in the same manner as Company A, with Individuals A and C making the decisions for the company, including whether PATRIOT would submit a bid on a particular contract. Individual B, along with other employees of Company A, also identified and submitted various bids on behalf of PATRIOT.

(s) At least as early as 2005, BLACKMON understood from conversations she heard between Individuals A and C that Company A was no longer considered a small

business and could no longer bid on contracts set aside for small businesses.

(t) In the Fall of 2005, PATRIOT bid on and won contracts with the United States Army Reserve's 81st Regional Readiness Command ("81st"), contracts which previously had been held by Company A. Company A was no longer able to bid on those contracts because it was not a small business and the 81st contracts had been set aside for small businesses. Defendant had worked on the 81st contracts for Company A when it held the contracts and when PATRIOT took over those contracts her responsibilities remained the same.

(u) Individuals A and C worked with Defendant to prepare PATRIOT's bid for the 81st contract. Specifically, Individual C prepared documentation of PATRIOT's past performance for inclusion with PATRIOT's bid. Although Defendant initially drafted proposed wage rates for PATRIOT's bid, she had to get them approved by Individual A before she could submit them to the 81st. When Individual A reviewed Defendant's proposed wage rates, he increased some and decreased others. Individual A instructed Defendant to discount overtime charges and specifically what to discount those charges to. Defendant did as Individual A instructed and changed the overtime charges accordingly before submitting them to the 81st.

(v) In or about October 2005, Individual A suggested that Defendant apply to the SBA on behalf of PATRIOT for 8(a) certification, something he had mentioned to her on previous occasions. Individual A explained that if PATRIOT were to be certified as an 8(a) business, it would be eligible to bid on and receive federal government contracts set aside for 8(a) certified businesses. Individual A also told Defendant that 8(a) certification was "one more checked box" on government contracts under which Defendant could qualify.

(w) Around this time, Individual A recommended that Defendant hire

Individual C as a consultant for PATRIOT. Eventually Defendant realized that Individual A was not asking her to hire Individual C as a consultant for PATRIOT, but telling her to do so, so she complied and hired Individual C as a consultant.

(x) In or about late November 2005, Individual C sought to work with Defendant to draft and submit an 8(a) application for PATRIOT as Individual A had suggested. Individual C told Defendant "[Individual A] wants this done." When Defendant initially declined Individual C's help, Individual C told Defendant that she was going to call Individual A, who would be very upset with Defendant for not allowing Individual C to assist with PATRIOT's 8(a) application.

(y) At the end of 2005, Defendant began to realize that PATRIOT was not her company, that Individuals A and C were going to be running PATRIOT, that she would be working for Individuals A and C even though she was the President of PATRIOT, and that her responsibilities would be limited to managing contracts for PATRIOT, just as she had at Company A. Defendant was increasingly upset with the realization that she would not be running PATRIOT. Defendant also began to understand that her value to PATRIOT was in the qualifications she provided the company by virtue of her status as a socially and economically disadvantaged woman and a service-disabled veteran. For all of these reasons, by the end of 2005, Defendant considered leaving both PATRIOT and Company A and began speaking with a former employer about the possibility of re-joining that company. On or about January 6, 2006, Defendant's former employer offered her a position.

(z) On or about January 11, 2006, Defendant traveled to the Monroe, Georgia office of Company A to meet with Individual A. At this meeting, Defendant told Individual A

that she was resigning both from Company A and as President of PATRIOT and tendered a letter of resignation. Individual A appeared surprised and called Individuals C and D into the meeting to help convince Defendant to stay. Based on comments made by Individuals A, C, and D, Defendant understood that they were concerned they would have to "start over" with PATRIOT if Defendant left and also that Company A might lose the Baltimore VA contract if Defendant were no longer managing it. As an incentive not to resign, Individual C offered Defendant additional vacation time from Company A and promised to reduce Defendant's workload at Company A by hiring an employee to help her with the Baltimore VA contract. Defendant did not resign and remained in her positions with both PATRIOT and Company A.

(aa) In or about late January 2006, Defendant again met with Individual A, this time at a local area restaurant. During this meeting, Individual A told Defendant that if she could get PATRIOT certified as 8(a) by the SBA she would "check all the boxes" and PATRIOT could be very successful. Defendant understood that to mean that PATRIOT would have access to an even larger number of federal contracts if PATRIOT was certified 8(a) and appeared to be run by Defendant, an African-American, female, service-disabled veteran, than if it were known to be run by a person such as Individual A, a Caucasian male.

(bb) During that meeting, Individual A told Defendant that he and Individuals C and D were going to be leaving Company A and were going to join Defendant and that together they would run PATRIOT and "steal" business from Company A, including CMOP contracts. Individual A told Defendant that: he would secure contracts for PATRIOT; Individual C would prepare bid proposals for PATRIOT; Individuals C and D would use Company B to provide financing and payroll services for PATRIOT; and Defendant would administer

PATRIOT's contracts, just as she did at Company A.

(cc) After Defendant's meeting with Individual A at the local area restaurant, she knew that Individual A was running PATRIOT, that Individual A would continue to be her boss at PATRIOT even though she was the President of the company, and that PATRIOT was not really her company. Defendant also understood that Individuals A and C were making, and would continue to make, the business decisions for PATRIOT and that she was simply working for them, just as she did at Company A. Defendant understood that her primary purpose at PATRIOT was to provide a basis on which PATRIOT could secure 8(a) certification as a business owned and operated by a socially and economically disadvantaged individual so that PATRIOT would have access to 8(a) set-aside federal contracts.

(dd) On or about February 22, 2006, Defendant, at the direction of Individual A, began an online 8(a) application on behalf of PATRIOT. In the course of completing PATRIOT's 8(a) application, Individuals A and C provided Defendant with responses or other information needed to complete the application. On or about May 4, 2006, with the assistance of Individual A, Individual C, and others, Defendant completed PATRIOT's initial online 8(a) application and submitted it to the SBA. At the direction of Individuals A and C, Defendant made the following representations to the SBA in PATRIOT's 8(a) application, knowing each to be false for the purpose of influencing the action of the SBA, including having the SBA certify PATRIOT as an 8(a) business:

(i) Defendant represented that no owner, director, officer, or management member of PATRIOT was a former employer or principal of a former employer of Defendant, when in truth and in fact, as she then well knew, Individual A, a former employer of

Defendant, was an officer and a management member of PATRIOT;

(ii) Defendant represented that PATRIOT had no director, officer, management member, partner, key employee, or owner other than Defendant, when in truth and in fact, as she then well knew, Individual A was an officer and management member of PATRIOT and Individual C was a management member of PATRIOT;

(iii) Defendant represented that PATRIOT did not have any existing management or consulting agreements, when in truth and in fact, as she then well knew, PATRIOT had an arrangement with Company A pursuant to which Company A performed payroll, bookkeeping, and "back office" functions for PATRIOT; and

(iv) Defendant represented that no individual or entity other than Defendant provided financial or bonding support, office space, or equipment to PATRIOT, when in truth and in fact, and as she then well knew:

(A) PATRIOT had received financial support from Individual A;

(B) Individual A had verbally agreed to provide future financial support to meet PATRIOT's payroll obligations under its contract with the 81st;

(C) PATRIOT had received financial support from Company A; and

(D) PATRIOT shared office space with Company A.

(ee) Defendant provided false and misleading information to the SBA as part of PATRIOT's 8(a) application in order to secure 8(a) certification from the SBA for PATRIOT. Defendant understood that if she had provided truthful responses to the SBA, PATRIOT's application for 8(a) certification likely would have been rejected.

(ff) In the summer of 2006, Individual A or Individual C told Defendant that contracts with the Leavenworth CMOP were going to be up for bid, PATRIOT was going to bid for them, and Individual A would help PATRIOT get the contracts because he was on good terms with personnel at the Leavenworth CMOP. Defendant understood that she was not being asked whether PATRIOT was going to bid for the Leavenworth CMOP contracts, but rather she was being told that PATRIOT would be bidding for those contracts.

(gg) In or about June 2006 Individual A left Company A and, notwithstanding the fact that he had been working on behalf of PATRIOT for several years, Individual A began representing himself as Vice President of PATRIOT. Beginning in or about June 2006, Defendant was aware that Individual A was representing himself as Vice President of PATRIOT; Individual A subsequently told Defendant he had taken the title because it made PATRIOT look more professional. Defendant understood Individual A's comment to mean that it made PATRIOT look like a more legitimate business if it had a Caucasian male representing it.

(hh) Defendant knew that Individual A was negotiating the Leavenworth CMOP staffing contracts for PATRIOT with Individual E, but she was never involved in the negotiations and did not speak to Individual E about these contracts until after he had submitted the contracts to the SBA.

(ii) On or about August 10, 2006, PATRIOT's 8(a) application was verified as complete by the SBA and accepted for review.

(jj) On or about November 16, 2006, the SBA awarded PATRIOT 8(a) certification. On or about November 21, 2006, Defendant notified Individuals A and C that PATRIOT had received 8(a) certification. On or about November 22, 2006, Individual E sent

Individual A an email informing him that he had nearly completed the Leavenworth CMOP solicitations but that he needed a copy of PATRIOT's 8(a) letter of eligibility and PATRIOT's contact person at the SBA; Individual A forwarded Individual E's request to Defendant and Individual C and instructed Defendant to retrieve the information Individual E had requested. Defendant understood the Leavenworth CMOP solicitations were going to be offered to PATRIOT as 8(a) set-aside contracts.

(kk) Before PATRIOT could receive any 8(a) contracts, however, PATRIOT had to have a business plan approved by the SBA. Individual C drafted PATRIOT's business plan. In order to conceal Individual A's level of involvement with PATRIOT, shortly before Defendant took PATRIOT's business plan with her to meet with a representative of the SBA for 8(a) program orientation, Individual C removed references in PATRIOT's business plan to Individual A as Vice President of PATRIOT; Individual C also instructed Defendant to remove Individual A's resume from PATRIOT's business plan before it was submitted to the SBA.

(ll) Prior to her orientation meeting with the SBA, Individual A instructed Defendant to "downplay" his involvement with PATRIOT's business when she met with the SBA. Defendant understood that Individual A wanted her to lie to the SBA about his involvement with PATRIOT because he was not socially and economically disadvantaged and if the SBA knew the level of his involvement with PATRIOT it could cause PATRIOT to lose its 8(a) certification. In reality, Individual A was PATRIOT and Defendant was simply a "cover" for the company so that it could receive and maintain 8(a) status because Individual A was not socially and economically disadvantaged and would not have been able to get 8(a) certification.

(mm) On or about December 6, 2006, Defendant met with a representative of the

SBA for orientation and to discuss PATRIOT's participation in the 8(a) program. Defendant brought a copy of PATRIOT's business plan that had been drafted by Individual C with her to the meeting.

(nn) During Defendant's meeting with the SBA on or about December 6, 2006, the SBA representative told Defendant that the Leavenworth CMOP contract was restricted to companies that had received 8(a) certification from the SBA; Defendant understood that PATRIOT needed to be 8(a) certified in order to be eligible for that contract. The SBA representative also told Defendant that she had already spoken to Individual E and told him that the Leavenworth CMOP contract was too large to be awarded to PATRIOT on a sole-source basis, that is, without seeking competitive bids from other 8(a) certified companies. When she left her meeting with the SBA representative, Defendant called Individual A and told him that the Leavenworth CMOP contract was too large to be awarded to PATRIOT on a noncompetitive basis.

(oo) During their telephone conversation, Individual A told Defendant that he had already discussed the issue with Individual E, who had spoken with the SBA representative, and that he and Individual E had resolved the problem. Defendant later learned that Individual A had, in fact, already negotiated three contracts on behalf of PATRIOT with Individual E for the Leavenworth CMOP. During their telephone conversation, Individual A told Defendant that he and Individual E had agreed to reduce the term of the Leavenworth CMOP contracts from two years to one year and Defendant understood that the value of the contracts would be reduced accordingly.

(pp) Individual A later showed Defendant a spreadsheet containing pricing,

profit, and other data related to the Leavenworth CMOP contracts; Defendant recognized it as a document created by Individual C.

(qq) On or about December 7, 2006, BLACKMON submitted a copy of Defendant's business plan, which had been drafted by Individual C, to the SBA. Subsequently, Individual C revised PATRIOT's business plan for re-submission to the SBA and instructed Defendant to tell PATRIOT's SBA representative that Defendant had drafted it.

(rr) On or about December 19, 2006, the VA awarded PATRIOT three 8(a) set-aside contracts to provide temporary staffing services at the Leavenworth CMOP. Those contracts, which collectively were worth approximately $5.4 million, were, as Defendant knew, negotiated by Individual A on behalf of PATRIOT, and Individual E on behalf of the VA.

(ss) Shortly after the Leavenworth CMOP contracts were awarded to PATRIOT, Individual E retired and was replaced by another contracting officer. On or about March 27, 2007, Defendant met with the new contracting officer. Prior to that meeting, Defendant had spoken with Individual A and he had instructed her to tell the contracting officer that PATRIOT was her company and that she ran the business. Defendant knew what Individual A was instructing her to tell the contracting officer was not true, but she believed that if she did not lie to the contracting officer, PATRIOT's contracts with the Leavenworth CMOP would be revoked. The lies and misrepresentations that Individual A instructed Defendant to tell the contracting officer included the following:

(i) PATRIOT was Defendant's company;

(ii) Defendant was in charge of PATRIOT and handled all of the company's business; and

(iii) Defendant no longer worked for Company A.

(tt) At her meeting with the contracting officer on March 27, 2007, per the instructions of Individual A, Defendant made the following representations to him, knowing each to be false:

(i) PATRIOT was her company;

(ii) She performed all major company tasks at PATRIOT, including contract solicitations, responding to requests for quotes, contract negotiations, dealing with contracting officers, employee recruitment, and answering contract questions; and

(iii) She no longer worked for Company A.

(uu) On or about April 11, 2007, Defendant met with Individual A at the Atlanta airport on the way to their meeting in Leavenworth, Kansas with the contracting officer and other VA representatives to discuss PATRIOT's pending contracts with the Leavenworth CMOP. En route to their meeting, Individual A instructed Defendant as to what she should and should not say during their meeting with VA representatives.

(vv) On April 11, 2007, Defendant and Individual A met with the contracting officer and other representatives of the VA in Leavenworth, Kansas to discuss PATRIOT's pending contracts with the Leavenworth CMOP.

(ww) On their return flight to Atlanta, Individual A told Defendant that if PATRIOT kept the Leavenworth CMOP contracts, the company would make a lot of money. Individual A also told Defendant that if PATRIOT kept the Leavenworth CMOP contracts, she could stay at home, do no work other than periodically attending trade shows on behalf of PATRIOT, and earn as much as $200,000 per year. Individual A further informed Defendant that

Company B would handle PATRIOT's payroll and that he and Individuals C and D would handle all of PATRIOT's business. Finally, Individual A told Defendant that he was going to get a Lexus hybrid and told Defendant that he could arrange for Defendant to get a 6 Series BMW, which she understood would be a PATRIOT company car.

(xx) At the end of 2006 and the beginning of 2007, Individuals A, C, and D prepared a bid submission on behalf of PATRIOT for a contract with the Army Corps of Engineers to canvass hurricane-damaged areas in Florida, Puerto Rico, and the Virgin Islands. Defendant raised concerns with Individuals A and C about PATRIOT bidding the project because she knew nothing about hurricane support, but Individuals A and C dismissed her concerns. Individual A, Individual C, and employees of Company A unknown to Defendant prepared and submitted a bid package for PATRIOT for the Army Corps of Engineers project.

(yy) On or about January 10, 2007, Individual A, representing himself as the Vice President/General Manager of PATRIOT, submitted PATRIOT's bid for the Army Corps of Engineers contract. PATRIOT's bid package indicated that the company had previous experience with canvassing hurricane-damaged areas when, in truth and in fact, the experience referenced in PATRIOT's proposal was that of Company A, not PATRIOT.

(zz) On April 17, 2007, federal investigators attempted to interview Defendant at her home, but she refused to speak with them. That same day subpoenas were issued for records and other documents belonging to Defendant and PATRIOT and federal agents executed search warrants at the office of Company A.

(aaa) On or about April 18, 2007, Defendant spoke with Individual A about the investigation. Individual A told Defendant to tell investigators that PATRIOT was her company

and that she was running the business. Defendant knew that was not true and that Individuals A and C were really running PATRIOT.

(bbb) After learning of the investigation, Defendant withdrew PATRIOT's bid for the Army Corps of Engineers' contract to canvass hurricane-damaged areas in Florida, Puerto Rico, and the Virgin Islands because she knew that PATRIOT was not qualified to perform the work.

POSSIBLE MAXIMUM SENTENCE

6. Defendant understands that the statutory maximum penalty which may be imposed against her upon conviction for a violation of 15 U.S.C. § 645(a) is: (a) a term of imprisonment of two (2) years; (b) a fine of $5,000; (c) a term of supervised release of one (1) year following any term of imprisonment (pursuant to 18 U.S.C. § 3583(b)(3) and United States Sentencing Guidelines ("U.S.S.G.," "Sentencing Guidelines," or "Guidelines") §5D1.2(a)(3)); and (d) restitution as determined by the Court (pursuant to 18 U.S.C. §§ 3563(b)(2) or 3583(d) and U.S.S.G. § 5E1.1). Defendant also understands that if she violates any condition of supervised release she could be required to serve the entire term of supervised release in prison pursuant to 18 U.S.C. § 3583(e)(3). Defendant further understands that pursuant to 18 U.S.C. §§ 3563(b)(2) or 3583(d) and U.S.S.G. § 5E1.1, the Court may impose an order of restitution as a condition of probation or supervised release and that pursuant to 18 U.S.C. § 3013(a)(2)(A), the Court is required to order Defendant to pay a $100.00 special assessment upon conviction for the charged crime.

SENTENCING GUIDELINES

7. Defendant understands that the Sentencing Guidelines are advisory, not mandatory,

but that the Court must consider the Guidelines in effect on the day of sentencing, along with the factors set forth in 18 U.S.C. § 3553(a), in determining and imposing sentence. Defendant understands that the Guidelines determinations will be made by the Court by a preponderance of the evidence standard and that in making its determination the Court may consider any reliable evidence, including hearsay. Defendant understands that although the Court is not ultimately bound to impose a sentence within the applicable Guidelines range, its sentence must be reasonable based upon consideration of all relevant sentencing factors set forth in 18 U.S.C. § 3553(a). Pursuant to U.S.S.G. §1B1.8, the United States agrees that self-incriminating information that Defendant provides to the United States pursuant to this Plea Agreement will not be used in determining Defendant's applicable Guidelines range, except to the extent provided in U.S.S.G. §1B1.8(b).

SENTENCING AGREEMENT

8. Defendant and the United States agree that: the "intended loss" from Defendant's fraudulent conduct, as that term is defined in Application Note 3.(A)(ii) to U.S.S.G. § 2B1.1, is more than $2.5 Million, but less than $7.0 Million; and the 8(a) set-aside contracts PATRIOT entered into with the VA to provide services at the Leavenworth CMOP were "government benefits" as that term is defined in Application Note 3.(F)(ii) to U.S.S.G. § 2B1.1.

9. Defendant and the United States agree that the offense level applicable to Defendant's conduct is Offense Level 21. The United States and Defendant further agree that Defendant's offense level is calculated as follows:

Base Offense Level [U.S.S.G. § 2B1.1(a)(2)]	6
Loss Amount [U.S.S.G. § 2B1.1(b)(1)(J)]	18

Acceptance of Responsibility [U.S.S.G. § 3E1.1(a)]	-2
Timely Acceptance [U.S.S.G. § 3E1.1(b)]	-1
Offense Level	21 (37-46 months)

10. As indicated in Paragraph 9, the United States agrees that it will recommend, pursuant to U.S.S.G. § 3E1.1(a)-(b), that the Court reduce by three levels Defendant's offense level based upon her recognition and affirmative and timely acceptance of personal responsibility. The United States, however, will not be required to make that recommendation if: (1) Defendant fails or refuses to make a full, accurate, and complete disclosure to the United States or the Probation Office of the circumstances surrounding her conduct and her present financial condition; (2) Defendant is found to have misrepresented facts to the United States prior to entering this Plea Agreement; (3) after entering into this Plea Agreement, Defendant commits a state or federal offense, violates any term of release, or makes any false statements or misrepresentations to any governmental entity or official; or (4) Defendant fails to comply with any terms of this Plea Agreement.

11. Pursuant to Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure, Defendant agrees to recommend, and the United States agrees not to oppose, that the Court impose a sentence requiring Defendant to pay to the United States a criminal fine of $3,000 payable in full before the fifteenth (15th) day after the date of judgment. Defendant understands that the Court will order her to pay a $100.00 special assessment pursuant to 18 U.S.C. § 3013(a)(2)(A) in addition to any fine imposed.

12. The United States will not object to Defendant's request that the Court make a

recommendation to the Bureau of Prisons that the Bureau of Prisons designate that Defendant be assigned to a Federal Minimum Security Camp (if possible near Atlanta, Georgia) to serve her sentence and that Defendant be released following the imposition of sentence to allow her to self-surrender to the assigned prison facility on a date specified by the Court. Neither Defendant nor the United States may withdraw from this Plea Agreement based on the type or location of the prison facility to which Defendant is assigned to serve her sentence.

13. Defendant understands that the sentence to be imposed on her is within the sole discretion of the sentencing judge and that the Court has absolute discretion, pursuant to Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure, to accept or reject the sentencing stipulations in this Plea Agreement. The United States cannot and does not make any promises or representations as to what sentence Defendant will receive, and the United States is free to recommend any specific sentence to the Court. Defendant understands that her sentence will be determined solely by the Court and that the Court may impose a sentence that is not consistent with the recommendations contained in this Plea Agreement. Defendant understands that, as provided in Rule 11(c)(3)(B) of the Federal Rules of Criminal Procedure, if the Court does not impose a sentence consistent with the recommendations contained in this Plea Agreement, she nevertheless has no right to withdraw her plea of guilty.

14. Subject to the ongoing, full, and truthful cooperation of Defendant described in Paragraphs 18-19 of this Plea Agreement, the United States will inform the Probation Office and the Court of: (a) this Plea Agreement; (b) the nature and extent of Defendant's activities with respect to this case and all other activities of Defendant which the United States deems relevant to sentencing; and (c) the timeliness, nature, and extent of Defendant's cooperation with the United

States. In so doing, the United States may use any information it deems relevant, including information provided by Defendant both prior and subsequent to the signing of this Plea Agreement. The United States reserves the right to make any statement to the Court or the Probation Office concerning the nature of the criminal violation charged in the Information, the participation of Defendant therein, and any other facts or circumstances it deems relevant. Defendant understands that disclosures made by the United States to the Court or the Probation Office are not limited to the count to which Defendant has pled guilty. The United States also reserves the right to comment on or to correct any representation made by or on behalf of Defendant, and to supply any other information that the Court may require. To enable the Court to have the benefit of all relevant sentencing information, the United States will request, and Defendant will not oppose, that sentencing be postponed until the United States deems her cooperation to be complete.

15. Defendant and the United States agree that there exists no aggravating or mitigating circumstance of a kind, or to a degree, not adequately taken into consideration by the United States Sentencing Commission in formulating the Sentencing Guidelines justifying a departure pursuant to U.S.S.G. §5K2.0. The United States agrees, however, that Defendant may argue pursuant to Application Note 19(C) to U.S.S.G. § 2B1.1 that Defendant's offense level, as calculated in Paragraph 9, overstates the seriousness of the offense. Defendant agrees that the United States may oppose any such argument by Defendant and that the United States may argue that Defendant's offense level, as calculated in Paragraph 9, accurately reflects the seriousness of the offense. Defendant and the United States agree not to seek or support any sentence outside of the applicable Guidelines range nor any Guidelines adjustment for any reason that is not set forth

in this Plea Agreement. Defendant is free to present any arguments to the Court for the imposition of any kind of sentence, including a sentence other than imprisonment, pursuant to 18 U.S.C. § 3553(a).

16. Defendant acknowledges that substantial assistance has not yet been provided by her within the meaning of U.S.S.G. § 5K1.1 and 18 U.S.C. § 3553(e). Defendant also acknowledges and understands that the determination as to whether she has provided substantial assistance and whether a motion pursuant to U.S.S.G. § 5K1.1 will be filed are left entirely and exclusively within the discretion of the United States. Such assistance by Defendant shall include her cooperation in providing truthful and complete testimony in any interviews, before any grand jury, or at any trial as requested by the United States. If a determination is made by the United States that Defendant has provided substantial assistance and otherwise fully complied with all of the terms of this Plea Agreement, the United States shall request that the Court consider reducing the sentence Defendant would otherwise receive under the applicable statutes and/or Sentencing Guidelines pursuant to U.S.S.G. § 5K1.1 and 18 U.S.C. § 3553(e).

17. Defendant understands that, should the United States determine that Defendant has not provided substantial assistance or should the United States determine that Defendant has violated any provision of this Plea Agreement, such a determination will release the United States from any obligation to file a motion pursuant to U.S.S.G. § 5K1.1, but will not entitle Defendant to withdraw her guilty plea once it has been entered. Defendant further understands that whether or not the United States files a motion pursuant to U.S.S.G. § 5K1.1, the decision whether to depart, as well as the extent of any departure, remains within the sole discretion of the sentencing judge.

DEFENDANT'S COOPERATION

18. Defendant will cooperate fully and truthfully with the United States in the prosecution of this case, the conduct of the current federal investigation of violations of federal criminal laws involving contracting fraud related to the VA and the SBA, any other federal investigation resulting therefrom, and any litigation or other proceedings related to, or arising or resulting from, any such investigation to which the United States is a party (collectively referred to herein as "Federal Proceeding"). The ongoing, full, and truthful cooperation of Defendant shall include, but not be limited to:

(a) producing to the United States all non-privileged documents, information, and other materials, wherever located, including claimed personal documents and other materials, wherever located, in the possession, custody, or control of Defendant, requested by attorneys or agents of the United States;

(b) making herself available for interviews at the Chicago office of the Antitrust Division of the United States Department of Justice ("Antitrust Division") and at other mutually agreed-upon locations, not at the expense of the United States, upon the request of attorneys and agents of the United States;

(c) responding fully and truthfully to all inquiries of the United States in connection with any Federal Proceeding, without falsely implicating any person or intentionally withholding any information, subject to the penalties of making false statements (18 U.S.C. § 1001) and obstruction of justice (18 U.S.C. § 1503, *et seq.*);

(d) otherwise voluntarily providing the United States any non-privileged material or information, not requested in (a) - (c) of this paragraph, that may relate to any Federal

Proceeding; and

(e) when called upon to do so by the United States in connection with any Federal Proceeding, testifying in grand jury, trial, and other judicial proceedings, fully, truthfully, and under oath, subject to the penalties of perjury (18 U.S.C. § 1621), making false statements or declarations in grand jury or court proceedings (18 U.S.C. § 1623), contempt (18 U.S.C. §§ 401 - 402), and obstruction of justice (18 U.S.C. § 1503, *et seq.*).

19. Defendant agrees to deliver to the United States of America, prior to sentencing, a completed financial statement identifying all of her assets.

GOVERNMENT'S AGREEMENT

20. Subject to Defendant's full, truthful, and complete cooperation as described in this Plea Agreement, Defendant's compliance with all of the terms and conditions of this Plea Agreement, and the Court's acceptance of the guilty plea called for by this Plea Agreement and its imposition of sentence, the Antitrust Division agrees that it will not bring further criminal charges against Defendant for the making of any false statement to the SBA in violation of 15 U.S.C. § 645(a), nor any violation of Federal criminal law involving fraud related to federal contracting, the VA, and the SBA committed before the date of this Plea Agreement ("Relevant Offense"). The scope of the protection afforded by this paragraph is limited to the activities stated above that Defendant has disclosed to the United States as of the date of this Plea Agreement. The United States will bring the cooperation of Defendant to the attention of any United States Attorney's Office, the Department of Justice, or any state criminal prosecuting authority contemplating charging Defendant with any Relevant Offense if the Defendant so requests in writing. The nonprosecution terms of this paragraph do not apply to civil matters of any kind, to any violation

of the federal tax or securities laws, or to any crime of violence.

REPRESENTATION BY COUNSEL

21. Defendant has been represented by counsel, has reviewed all legal and factual aspects of this case with her attorney, and is fully satisfied that her attorney has provided competent legal representation. Defendant has thoroughly reviewed this Plea Agreement with her attorney and has received satisfactory explanations from her attorney concerning each paragraph of this Plea Agreement and alternatives available to Defendant other than entering into this Plea Agreement. Defendant acknowledges that counsel has advised her of the nature of the charge, any possible defenses to the charge, and the nature and range of possible sentences. After conferring with her attorney and considering all available alternatives, Defendant has made a knowing and voluntary decision to enter into this Plea Agreement and to waive venue with respect to the filing and disposition of the Information.

VOLUNTARY PLEA

22. Defendant's decision to enter into this Plea Agreement and to tender a plea of guilty is freely and voluntarily made and is not the result of force, threats, assurances, promises, or representations other than the representations contained in this Plea Agreement. The United States has made no promises or representations to Defendant as to whether the Court will accept or reject the recommendations contained within this Plea Agreement.

VIOLATION OF PLEA AGREEMENT

23. Defendant agrees that, should the United States determine in good faith, during the period that any Federal Proceeding is pending, that Defendant has failed to provide full and truthful cooperation, as described in Paragraphs 18-19 of this Plea Agreement, has given false or

misleading information or testimony, or has otherwise violated any provision of this Plea Agreement, the United States will notify Defendant or her counsel in writing or by telephone of its intention to void any of its obligations under this Plea Agreement (except its obligations under this paragraph), and Defendant shall be subject to prosecution for any federal crime of which the United States has knowledge including, but not limited to, perjury, obstruction of justice, and the substantive offenses relating to the investigation that resulted in this Plea Agreement. Defendant agrees that, in the event that the United States is released from its obligations under this Plea Agreement and brings criminal charges against Defendant for any conduct arising from the United States' investigation of violations of federal criminal laws involving a Relevant Offense, the statute of limitations period for such offense shall be tolled as to Defendant for the period between the date of the signing of this Plea Agreement and six (6) months after the date the United States gave notice of its intent to void its obligations under this Plea Agreement.

24. Defendant understands and agrees that in any further prosecution of her resulting from the release of the United States from its obligations under this Plea Agreement based on Defendant's violation of this Plea Agreement, any documents, statements, information, testimony, or other evidence provided by her to attorneys or agents of the United States, federal grand juries, or courts, whether before or after the execution of this Plea Agreement, as well as any leads derived therefrom, may be used against her in any such further prosecution. Defendant unconditionally waives her right to challenge the use of any such evidence in any further prosecution, and agrees that she will not assert a claim under the United States Constitution, any statute, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule, that such evidence, or any leads therefrom, should be

suppressed or otherwise be inadmissible.

ENTIRETY OF AGREEMENT

25. This Plea Agreement constitutes the entire agreement between the United States and Defendant concerning the disposition of the criminal charge contained in the Information. This Plea Agreement may not be modified except in writing, signed by the United States and Defendant.

26. The undersigned attorneys for the United States have been authorized by the Attorney General of the United States to enter this Plea Agreement on behalf of the United States.

27. A facsimile signature shall be deemed an original signature for the purpose of executing this Plea Agreement. Multiple signature pages are authorized for the purpose of executing this Plea Agreement.

AGREED THIS DATE: August 13, 2004

Respectfully submitted,

BY: ______________________
STEPHANIE D. BLACKMON
Defendant

BY: ______________________
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Counsel for Stephanie D. Blackmon

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