



# Department of Justice

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## HOUSTON BUSINESSMAN CONVICTED OF FRAUD IN IRAQ FOOD CONTRACTS

HOUSTON—Stephen Patrick Day, 35, of Houston, has pleaded guilty to conspiring to defraud the United States by misrepresenting the cost to deliver food to U.S. troops in Iraq and Kuwait, acting United States Attorney Tim Johnson announced today.

Day was the President and owner of Logistics Group International Inc. (LGI), a Houston company that brokered freight transportation within the United States. LGI arranged truck shipments of food to American Grocers Inc. (AGI), a Houston company that furnished food to Public Warehousing Company K.S.C. (PWC). PWC is a Kuwaiti company that has delivered food to U.S. troops in Iraq and Kuwait under prime government contracts since May 2003.

Between April and November 2004, Day agreed to provide invoices to AGI that were higher than LGI billed AGI. In about 37 freight transactions, Day gave two invoices to AGI, one for the amount AGI would pay and an additional one for a higher amount than AGI would pay. The criminal information filed against Day alleges AGI then used the additional higher LGI invoices to include and conceal trucking overcharges in AGI's invoices, resulting in the government paying more to PWC for food items than it should have.

At a hearing before United States District Judge Sim Lake late this morning, Day admitted he knew AGI's invoice prices were fraudulent because he provided AGI the additional higher LGI invoices, which were false and fictitious. Day also admitted he knew AGI would pass these overcharges to the government and that the owner of AGI would benefit. Approximately \$32,472.00 in false, fictitious and fraudulent claims against the government were created in this fashion.

Samir Itani was indicted in the Southern District of Texas in July 2007. The 46-count Indictment accuses Itani of conspiring to defraud the United States during 2004 and 2005 by falsifying at least \$1.9 million in costs AGI purportedly incurred trucking food products from its suppliers to its Houston warehouse. Itani is pending trial in September 2009.

At sentencing, Day faces a possible maximum penalty of up to 10 years imprisonment and up to a \$250,000 fine, which is scheduled for July 10, 2009, at 3:00 p.m.

The investigation leading to the charges was conducted by the U.S. Department of Defense - Defense Criminal Investigative Service in Houston, the U.S. Army Criminal Investigations Major Procurement Fraud Section in San Antonio and the U.S. Department of Agriculture Office of Inspector General in Houston, members of the National Procurement Fraud Task Force created in October 2006 by the Department of Justice. The Task Force, created to promote the prevention, early detection and prosecution of procurement fraud, is chaired by Rita M. Glavin, acting Assistant Attorney General of the Criminal Division and includes the FBI, the Department of Justice Inspector General and other federal Inspectors General, defense investigative agencies, federal prosecutors from United States Attorney's offices across the country, as well as the Criminal, Civil, Antitrust and Tax Divisions of the Department of Justice. The case is being prosecuted by Assistant U.S. Attorney Stephen L. Corso and U.S. Department of Justice Trial Attorney Jennifer R. Taylor.

An indictment is a formal accusation of criminal conduct, not evidence. A defendant is presumed innocent unless and until convicted through due process of law.

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