



Department of Justice

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COMPANY PRESIDENT INDICTED FOR STEALING GOVERNMENT MONEY

Jackson Allegedly Received More Than \$300,000 for Cups He Never Delivered

ATLANTA, GA - GREGORY JACKSON, 44, of Arizona, has been indicted by a federal grand jury on charges of defrauding the United States out of more than \$300,000 for goods he never delivered under a government contract.

United States Attorney Sally Quillian Yates said of the case, "The defendant allegedly cheated the taxpayers out of more than \$300,000 under a government contract by not delivering the goods for which he was paid. Instead of honoring the contract, the indictment alleges JACKSON intentionally delayed and lied about it, and the taxpayers ended up on the short end of a broken promise."

Inspector General Brian D. Miller of the U.S. General Services Administration, Office of Inspector General, said, "This investigation demonstrates that those who choose to defraud the government for their own personal gain will be brought to justice. These types of crimes against the government will not be tolerated and will be thoroughly investigated with our law enforcement partners and the United States Attorney's Office."

According to United States Attorney Yates, the charges and other information presented in court, JACKSON, the owner and president of "Karson Distribution Company," was awarded a United States General Services Administration (GSA) contract in 2005 to provide foam drinking cups to the federal government. In October and November 2005, the GSA placed multiple cup orders with Karson and paid almost \$322,000 to the company in advance of delivery. After JACKSON failed to deliver the cups within 30 days as required by the contract, he allegedly engaged in a course of conduct intended to deceive the GSA, initially by falsely claiming that his "vendor" was responsible for the failure and then by falsely claiming that he was working with a "secondary" vendor to complete the contract. JACKSON misrepresented his claimed vendor relationships, as well as the ability of his company to deliver cups. JACKSON allegedly engaged in this course of deceit to lull GSA into a false sense of security, allay the GSA's concerns about his failure to deliver, delay detection of his fraud, and impede GSA from reporting his conduct. JACKSON never returned the money that the GSA paid to his company and never delivered any cups.

The indictment charges 23 counts of wire fraud and one count of theft of government money. The wire fraud charges each carry a maximum sentence of 20 years in prison, and the theft of government money charge carries a maximum sentence of 10 years in prison. The defendant may be fined up to \$250,000 on each charge and ordered to pay restitution. In determining the actual sentence, the Court will consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders.

Members of the public are reminded that the indictment contains only allegations. A defendant is presumed innocent of the charges and it will be the government's burden to prove a defendant's guilt beyond a reasonable doubt at trial.

This case is being investigated by Special Agents of the U.S. General Services Administration, Office of Inspector General.

Assistant United States Attorney Stephen H. McClain is prosecuting the case.

For further information please contact Sally Q. Yates, United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.justice.gov/usao/gan.