



*United States Attorney  
Southern District of New York*

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**FORMER EMPLOYEE OF U.S. ARMY CONTRACTOR IN AFGHANISTAN  
PLEADS GUILTY IN MANHATTAN FEDERAL  
COURT TO ACCEPTING SECRET PAYMENTS**

***KBR Supervisor Admits To Illegally Receiving \$200,000 In Cash  
From Sub-Contractors While Serving In Afghanistan***

PREET BHARARA, the United States Attorney for the Southern District of New York, PETE ZEGARAC, the Inspector-in-Charge of the New York Division of the U.S. Postal Inspection Service ("USPIS"), JANICE K. FEDARCYK, the Assistant Director-in-Charge of the New York Field Division of the Federal Bureau of Investigation ("FBI"), EDWARD T. BRADLEY, the Special Agent-in-Charge of the Northeast Field Office of the U.S. Department of Defense, Defense Criminal Investigative Service ("DCIS"), and Brigadier General COLLEEN McGUIRE, the Provost Marshal General of the Army and Commanding General of the Army's Criminal Investigation Command ("CID"), announced that DANIEL FREEMAN, formerly an employee of U.S. Army contractor KBR in Afghanistan, pled guilty today in Manhattan federal court to accepting approximately \$200,000 in corrupt payments from sub-contractors in Afghanistan and to laundering the illicit funds.

As alleged in the Information filed today and statements made during the guilty plea proceeding before U.S. Magistrate Judge JAMES L. COTT:

From 2002 to about 2009, KBR, an engineering, procurement, and construction company, performed contract work

worth millions of dollars on numerous projects for the United States government in Afghanistan. Specifically, KBR had a contract with the U.S. Army whereby it provided logistics support to the Army in Afghanistan, such as providing meals, delivering mail, and transporting supplies and equipment. KBR entered into sub-contracts with other entities to assist with some of the work under its U.S. Army contract. These sub-contracts were typically worth tens of thousands of dollars each.

From about September 2004 through May 2009, FREEMAN worked for KBR in Afghanistan. FREEMAN held various positions with KBR, including as a senior sub-contracts supervisor. FREEMAN's duties in this position included evaluating bids for sub-contracts, awarding those sub-contracts to bidders, and overseeing the administration of these sub-contracts after they were awarded.

Between about January 2007 and May 2009, FREEMAN accepted numerous cash payments from individuals who were representatives of several entities which had been awarded Company sub-contracts (the "Representatives") in connection with the award of those sub-contracts. The Representatives gave FREEMAN a total of approximately \$200,000 in cash.

FREEMAN transferred some of the cash out of Afghanistan through wire transfers in amounts specifically designed to avoid cash transaction reporting requirements. For example, FREEMAN instructed others in Afghanistan to use some of the cash to wire money to individuals in the United States. FREEMAN instructed these individuals not to wire more than \$3,000 at a time so that the wire service company would not record certain personal information of the senders as required by federal law. Most of these wire transfers were received by an associate of FREEMAN in New York ("Associate-1").

FREEMAN also purchased, or directed others to purchase, numerous money orders in Afghanistan using cash that the Representatives had paid to him, and mailed many of these money orders from Afghanistan to Associate-1. Many of the money orders bore the name of Associate-1 as both the payor and the payee. Associate-1 cashed the money orders and subsequently deposited a substantial amount of cash into a bank account s/he controlled. Associate-1 also deposited some of the money orders directly into the bank account s/he controlled. Associate-1 then transferred much of these criminal proceeds out of his/her bank account to various accounts for the benefit of FREEMAN.

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FREEMAN pled guilty to a two-count information charging him, first with accepting corrupt payments in connection with his employment as an agent of an organization that receives funds under a federal program and, second, with money laundering. He faces a maximum sentence of 10 years in prison and a maximum fine of \$250,000 or twice the gross gain or loss from the offense on the corrupt payments charge, and a maximum sentence of 20 years in prison and a maximum fine of \$500,000 or twice the gross gain or loss from the offense on the money-laundering charge. FREEMAN is scheduled to be sentenced by U.S. District Judge COLLEEN McMAHON on December 9, 2010.

Mr. BHARARA praised the investigative work of the USPIS, the FBI, the DCIS, and the U.S. Army Criminal Investigative Command.

Manhattan U.S. Attorney PREET BHARARA said: "Today Daniel Freeman admitted that he corruptly cashed in on the American war effort in Afghanistan. He will now pay a steep price for the small fortune he was illegally paid."

USPIS Inspector in Charge PETE ZEGARAC stated: "Millions of Americans purchase Postal money orders everyday for legitimate reasons. The Postal Inspectors will continue to Investigative anyone who decides to use these legitimate money orders to launder funds to hide their illegal acts."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK said: "While our servicemen and women risk their lives and serve with honor on a daily basis, Daniel Freeman lacked honor and decided to accept kickbacks for contracts which were in place to serve our military and civilians and make their lives better. The FBI will continue to work with our law enforcement partners to investigate those that try to corrupt the procurement process, no matter where the crime occurs."

DCIS Special Agent-in-Charge ED BRADLEY stated: "This investigation demonstrates that the Defense Criminal Investigative Service, its law enforcement partners and prosecutors will stridently pursue those looking to make an easy dollar by circumventing the contracting process. As a team, we will continue to methodically investigate these allegations, work to ensure confidence in the system, and protect America's war fighters."

CID Brigadier General COLLEEN MCGUIRE stated: "Today's guilty plea is a prime example of our steadfast

commitment to working closely with the Department of Justice and our fellow law enforcement agencies to bring those who attempt to defraud the government for their own selfish and personal gain to justice. We take fraud very seriously and have a unit specially trained and equipped to seek out and fully investigate these types of crimes."

The prosecution is being handled by the Office's Public Corruption Unit. Assistant U.S. Attorneys WILLIAM HARRINGTON and BRENT WIBLE are in charge of the prosecution.

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