

**FILED**

OCT 19 2017

CLERK, U.S. DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA  
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9 IN THE UNITED STATES DISTRICT COURT  
10 EASTERN DISTRICT OF CALIFORNIA

11 UNITED STATES OF AMERICA,  
12  
13 Plaintiff,  
14 v.  
15 KENNETH KEYES and  
LEROY WEBER,  
16 Defendants.

Criminal No.: 2:17 - CR - 0188 GEB

Violation: 18 U.S.C. § 371 - Conspiracy to Defraud  
the United States; 18 U.S.C. § 981(a)(1)(C) and 28  
U.S.C. § 2461(c) - Criminal Forfeiture

17  
18 INDICTMENT

19 The Grand Jury charges that:

20 COUNT ONE: 18 U.S.C. § 371 - Conspiracy to Defraud the United States

21 INTRODUCTORY ALLEGATIONS

22 At all times relevant to this Indictment, with all dates being approximate and all date ranges both  
23 approximate and inclusive:

24 The Defendants

- 25 1. KENNETH KEYES was employed as a Facilities Manager at the Sierra Army Depot.  
26 2. LEROY WEBER was the owner of Company A, a roofing company based in Oxnard,  
27 California. LEROY WEBER also controlled the operation of Company B.  
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1        Other Relevant Individuals, Entities and Contracts

2            3.        The United States Department of the Army ("U.S. Army") was a branch of the United  
3 States Department of Defense, which was part of the executive branch of the United States Government.  
4 In part, the U.S. Army consisted of over one million soldiers and personnel stationed at numerous  
5 installations throughout the United States and across the world, including the Sierra Army Depot  
6 ("SIAD") in Herlong, California. The U.S. Army stored, issued, received, renovated, modified,  
7 maintained and demilitarized munitions on the SIAD facility.

8            4.        The Small Business Administration ("SBA") was an agency of the United States. The  
9 SBA administered the 8(a) Business Development Program, which provided assistance and benefits to  
10 small business that were owned and controlled by socially and economically disadvantaged individuals  
11 ("SBA 8(a) DP").

12           5.        In 2012, SIAD earmarked \$40 million to construct or renovate facilities at SIAD ("2012  
13 SIAD Contracts"). Contractors who qualified under the SBA 8(a) DP were awarded construction  
14 contracts as part of the 2012 SIAD Contracts ("8(a) Contractors").

15           6.        The General Services Administration ("GSA") was an independent agency of the United  
16 States; it was established to, among other things, manage and support the basic administrative functions  
17 of other federal agencies. In 2012, the U.S. Army contracted with GSA to process the required  
18 paperwork to award the 2012 SIAD Contracts and subsequently pay the 8(a) Contractors as they  
19 completed their work.

20           7.        Company A was a roofing company headquartered in Oxnard, California. Company A  
21 had graduated from the SBA 8(a) DP and was no longer eligible to receive its benefits, including  
22 entering into sole-source contracts with government agencies under the program.

23           8.        Company B was a construction company located in Oxnard, California.

24           9.        Company C was primarily a roofing company located in National City, California.

25           10.       Company D provided electrical services and was based in Placerville, California.

26           11.       Individual A is a family member of the defendant, KENNETH KEYES.

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1 12. Various individuals and entities, not made defendants in this Indictment, participated as  
2 co-conspirators in the offense charged herein and performed acts and made statements in furtherance  
3 thereof.

4 THE CONSPIRACY AND ITS OBJECTS

5 13. Beginning as early as February 2012, and continuing through at least July 23, 2013, the  
6 defendants, and others known and unknown to the Grand Jury, did knowingly and willfully combine,  
7 conspire, confederate and agree with each other, to defraud the United States by obstructing the lawful  
8 functions of the United States Department of the Army by deceitful or dishonest means, and one or more  
9 of the defendants carried out an act to effect the object of the conspiracy.

10 14. The purpose of the conspiracy was to enable KENNETH KEYES and LEROY WEBER  
11 to unjustly enrich themselves and their family members by diverting to themselves and their companies  
12 the government funds intended to rebuild and repair the SIAD Army facility.

13 MANNER AND MEANS

14 15. The ways, manner and means by which KENNETH KEYES, LEROY WEBER and their  
15 co-conspirators sought to accomplish the conspiracy included, but were not limited to, the following:

- 16 a. Recruiting eligible 8(a) Contractors to work as primary contractors at SIAD;
- 17 b. Representing to 8(a) Contractors that LEROY WEBER controlled the work and  
18 allocation of contract awards for the 2012 SIAD Contracts;
- 19 c. Causing prime contracts to be assigned to selected 8(a) Contractors;
- 20 d. Using proprietary government pricing information to inflate certain contract prices in  
21 the 2012 SIAD Contracts;
- 22 e. Requiring selected 8(a) Contractors to award work to companies owned or controlled  
23 by LEROY WEBER; and
- 24 f. Requiring a contractor to pay LEROY WEBER in exchange for being awarded  
25 certain subcontracts by 8(a) Contractors for the 2012 SIAD Contracts.

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OVERT ACTS

16. As part of the conspiracy and to carry out its objects, KENNETH KEYES and LEROY WEBER, together with others known and unknown, committed or caused to be committed, the following overt acts, among others, in the Eastern District of California and elsewhere:

a. On or about July 30, 2012, the defendants improperly influenced Company C to enter into a contract with SIAD that contained certain prices that were inflated to a price slightly under proprietary government pricing estimates;

b. On or about July 25, 2012, LEROY WEBER caused Company C to enter into a contract with Company B to perform construction services as part of the 2012 SIAD Contracts; the contract price was \$2,540,922;

c. On or about September 13, 2012, LEROY WEBER negotiated Company D's check number 1135 for \$50,000.00. This payment to LEROY WEBER was made in exchange for access to subcontracts that were part of the 2012 SIAD Contracts;

d. On or about October 22, 2012, LEROY WEBER negotiated Company D's check number 1226 for \$121,982.00. This payment to LEROY WEBER was made in exchange for access to subcontracts that were part of the 2012 SIAD Contracts;

e. From about August 3, 2012 through approximately July 23, 2013, LEROY WEBER caused Company B to issue weekly payroll checks to Individual A; and

f. On or about December 20, 2012, LEROY WEBER caused \$10,000 to be paid to KENNETH KEYES.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 371.

FORFEITURE ALLEGATION [18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c) - Criminal Forfeiture]

17. Upon a conviction for the offense alleged in Count 1 of this indictment, the defendants KENNETH KEYES and LEROY WEBER, shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c) all property constituting, and derived from, proceeds the defendant obtained directly and indirectly, as the result of these violations, including, but not limited to,

1 a forfeiture money judgment.

2 18. If any of the aforementioned property, as a result of the offense alleged in Count One of  
3 the Indictment, for which defendants are convicted:

4 a. Cannot be located upon the exercise of due diligence;

5 b. Has been transferred or sold to, or deposited with, a third person;

6 c. Has been placed beyond the jurisdiction of the Court;

7 d. Has been substantially diminished in value; or

8 e. Has been commingled with property that cannot be divided without difficulty;

9 any and all interest the defendant has in other property shall be vested in the United States and forfeited  
10 to the United States pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b)(1).

11 It is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek

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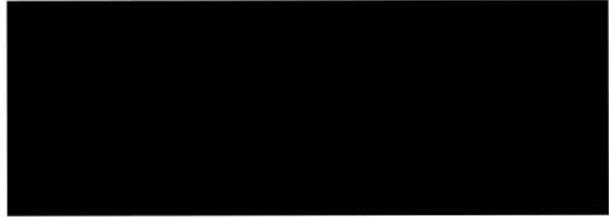
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1 forfeiture of any other property of defendants, up to the value of the property subject to forfeiture.

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3 Dated:

A TRUE BILL

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5 10/19/17



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