IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA	:	**Criminal No. _____**
	:	
v.	:	**Violation:**
	:	
	:	**18 U.S.C. § 371 (Conspiracy)**
WASHINGTON GAS	:	**18 U.S.C. § 1031 (Major Fraud)**
ENERGY SYSTEMS, INC.	:	
	:	Case: 1:14-cr-00228
Defendant.	:	Assigned To : Jackson, Ketanji Brown Assign. Date : 11/19/2014 Description: INFORMATION (A)

INFORMATION

The United States Attorney charges that:

COUNT ONE-CONSPIRACY

At various times relevant to this Information:

Introduction

1. At all relevant times, Washington Gas Energy Systems, Inc. ("WGESystems" or "Systems") was a wholly owned subsidiary of Washington Gas Resources Corporation, which was, in turn, a wholly owned subsidiary of WGL Holdings, Inc. ("WGL"). WGL was the parent company for all of the corporations within the Washington Gas family. WGESystems played no direct role in the delivery of natural gas, and it was not a utility. Instead, WGESystems was a design-build firm that specialized in providing energy efficiency and sustainability solutions to clients. WGESystems has historically functioned as a prime contractor on these projects.

2. At all relevant times, Company A purported to specialize in, among other things, design build services of energy and renewable programs; general contracting and construction staffing services; and mechanical, electrical, plumbing, renovation, and carpentry. Company A was certified to participate in the 8(a) program and was headquartered in Illinois. Company A's business address was Person A's home address.

3. At all relevant times, Company B specialized in, among other things, design build services of energy and renewable programs; general contracting and construction staffing services; and mechanical, electrical, plumbing, renovation, and carpentry. Company B was certified to participate in the 8(a) program and was headquartered in New Jersey.

4. At all relevant times, Person A resided in Illinois. Person A was president of Company A.

5. At all relevant times, Person B resided in the District of Columbia. At all relevant times, Person B was a vice president at WGESystems.

6. At all relevant times, Person C resided in Virginia. Person C was a member of WGESystems' business development team.

The Conspiracy and Its Objects

7. From at least in or about March 2010 through in or about July 2011 in the District of Columbia and elsewhere, in a procurement of services as prime contractors and subcontractors on contracts in which there were prime contracts with the United States, the value of several of these prime contracts being in excess of $1,000,000, the Defendant,

WASHINGTON GAS ENERGY SYSTEMS, INC.

and others unlawfully, willfully, and knowingly combined, conspired, confederated, and agreed with one another and with others to commit offenses against the United States, that is, to execute

and attempt to execute a scheme and artifice with intent to defraud the United States and to obtain money and property by means of false and fraudulent pretenses, representations and promises, in violation of Title 18, United States Code, Section 1031.

Goal of the Conspiracy

8. The goal of the conspiracy was for Defendant WGESystems, Company A and others to enrich themselves by engaging in a conspiracy and a scheme to defraud in which they obtained funds from the United States, and an agency thereof, by means of false and fraudulent pretenses, representations, and promises.

Manner and Means of the Conspiracy

9. Defendant WGESystems, Company A, and others used the following manner and means, among others, to accomplish the objects and goal of the conspiracy:

a. Defendant WGESystems partnered with Company A to gain access to contracts that were awarded through the Small Business Administration's 8(a) program. To qualify for the 8(a) program, a business must be at least 51 percent-owned and controlled by a U.S. citizen (or citizens) of good character who meet the SBA's definition of socially and economically disadvantaged. For construction contracts, the 8(a) business must perform at least 15 percent of the cost of the contract with its own employees (not including the cost of materials).

b. Defendant WGESystems concealed the fact that WGESystems, which was not eligible for the aforementioned SBA contracting preferences, exercised impermissible control over Company A's bidding for and performance of Company A's GSA contracts.

c. Defendant WGESystems and Company A, Person A, Person B, and Person C agreed that if Company A was awarded any contracts, Company A would not be expected to work on the projects.

d. Defendant WGESystems and Company A concealed the fact that, at all relevant times, Company A was not performing, at least, 15 percent of the cost of the contract with its own employees.

e. Defendant WGESystems and Company A misrepresented that Company A was in compliance with SBA regulations pertaining to Company A's General Service Administration contracts, including that Company A employees had performed the required percentage of work on those contracts.

OVERT ACTS

10. Within the District of Columbia and elsewhere, in furtherance of the above-described conspiracy and in order to carry out the objects thereof, WGESystems, Company A, and others committed the following overt acts, among others:

a. On or about March 22, 2010, Company A's president (Person A) and two WGESystems personnel, Person B and Person C, agreed that if Company A was awarded a contract, it would not be required to work on the contract and would simply be paid a guaranteed percentage of the contract simply for allowing its name—and 8(a) status—to be connected to the bids.

b. On or about June 21, 2010, WGESystems attempted to manipulate the bidding process so that Company A would win future bids.

c. On or about June 22, 2010, WGESystems began employing a new "bidding strategy" to increase the likelihood that Company A would win future contracts awarded by GSA.

d. Between on or about July 7, 2010, and on or about September 21, 2010, Company A won eight contracts that it jointly bid with WGESystems, with the following contracts being in excess of $1,000,000:

Project Name	**Date Awarded**	**Obligated Amount**
EPA Building	7/7/10	$3,087,653
VA	7/9/10	$1,495,703
New Carrolton	9/16/10	$1,231,214
Tax Court	9/21/10	$9,019,825
Markey	9/21/10	$1,052,052

e. Between on or about June 7, 2010, and in or around July 2011, Company A provided no substantive services in connection with these eight contracts. Company A subcontracted these eight contracts in their entirety to WGESystems, played no substantive role in project delivery, and collected an approximately six percent fee for allowing Company A's 8(a) status to be used.

11. As a result of the conspiracy described above, Company A obtained at least approximately $17,711,405 in government contracts. While WGESystems may not have made a profit on these contracts, Company A received $1,027,261 simply for allowing its 8(a) status to be used.

(Conspiracy to Commit Major Fraud, in violation of Title 18, United States Code, Sections 371 and 1031.)

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