

**IN THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF VIRGINIA  
Alexandria Division**

UNITED STATES OF AMERICA	)	<b>Criminal No.</b> 1:06CR406
	)	
v.	)	<b>Violation:</b> 18 U.S.C. § 1001
	)	
RYAN’S WORLD, INC.,	)	<b>Filed:</b> 09/27/06
	)	
Defendant.	)	

**CRIMINAL INFORMATION**

Ryan’s World, Inc. (“RYAN’S WORLD”) is made the defendant on the charge herein. As used in this Criminal Information, the “relevant period” is that period beginning in February 1999 and continuing until at least April 30, 2001.

**THE UNITED STATES CHARGES THAT:**

**Defendant**

1. Defendant RYAN’S WORLD is, and was during the relevant period, a corporation organized and existing under the laws of the State of California, and based in Long Beach, California. During the relevant period, defendant was a freight forwarder and was in the business of providing services related to the transportation of household goods owned by U.S. military and civilian Department of Defense (“DOD”) personnel and their families (“military household goods”).

2. Whenever this Court refers to any act, deed, or transaction of any company, it means that the company engaged in the act, deed, or transaction by or through its officers, directors, employees, agents, or other representatives while they were actively engaged in the management, direction, or control of its affairs.

## **Background**

3. The Military Traffic Management Command (“MTMC”), recently renamed the Military Surface Deployment and Distribution Command (“SDDC”), is headquartered in Alexandria, Virginia, in the Eastern District of Virginia, and is responsible for administering the DOD’s International Through Government Bill of Lading (“ITGBL”) program. Freight forwarders, including the defendant, compete for the opportunity to be awarded military household goods shipments by the Army in a twice yearly rate-filing process.

4. In their filings, freight forwarders bid the lowest “through rates” at which they willing to offer through transportation services for military household goods between specific U.S. States, or portions of States, and foreign countries or destinations. “Through rates” are offers to provide door-to-door service for shipments of military household goods, from pick-up at the place of origin to delivery at the ultimate destination. “Through rates” are specific to particular transportation routes, called “channels,” between specific U.S. States, or portions of States, and foreign countries or destinations in which military household goods move. Although technically entirely domestic, shipments of military household goods between Hawaii and the mainland United States are governed by ITGBL rules.

5. Under the ITGBL program, during the relevant period, each freight forwarder that filed a rate was required to identify, on a Tender of Service Signature Sheet (“TOSS”) filed with MTMC, the name of each entity with which it had a “common financial and/or administrative control” (“CFAC”) relationship. As defined by MTMC on the TOSS form, the term “CFAC” meant “the power, actual as well as legal, to influence the management, direction, or functioning of a business organization.” Under MTMC rules, freight forwarders that were “in CFAC” with

each other could not file rates in the same channels and were not eligible to service ITGBL or Hawaii military household goods traffic in such channels.

6. On or about December 14, 1994, March 17, 1999 and March 3, 2000, defendant filed TOSS forms with MTMC. The TOSS forms required defendant to attach a list of the names of the freight forwarders with which it had a CFAC relationship. Defendant checked the box indicating that it was not in CFAC with any other carrier or forwarder.

7. Defendant never amended or withdrew the representations contained in the TOSS forms described in paragraph 7 above and, under MTMC rules, these representations were in effect during the relevant period.

8. In a notarized Certificate of Carrier Responsibility dated September 21, 1994, signed by its president and filed with MTMC, defendant (as the filing “Carrier”) made the following representations and acknowledgments:

[1] As evidenced by the Statement of Common Financial and/or Administrative Control (CFAC), Carrier is not owned or controlled by any other person, firm, or corporation engaged in the movement of household goods for the Department of Defense (DOD). Additionally, Carrier is not affiliated with any other person, firm, or corporation engaged in the movement of personal property for DOD.

[2] If Carrier has not declared CFAC, [C]arrier will not share office space or telephone with any other carrier engaged in the movement of personal property for the DOD.

...

[5] Carrier remains directly and fully responsible to MTMC for the performance of all services and observance of all regulations relating to this procurement. By this document, I certify that the functions described in the appendix to this certificate are performed and will continue to be performed independent of any other person, firm, or corporation, in the offices of the carrier's business address, except as noted. If [C]arrier desires to subcontract for those services which MTMC allows to be subcontracted, such services must be available and readily accessible to the general public and such agreements must be in written form and made available to MTMC upon request.

[6] I acknowledge that any violation of the above cited rules, material misstatement, omission of fact, or failure to disclose any required financial or service agreements as required by the MTMC, and attached hereto, may subject the carrier that I represent to revocation of the carrier's DOD approval for a period of not less than 2 years and referral to the Department of Justice for prosecution.

9. Defendant never amended or withdrew the representations described in paragraph 9 above and, under MTMC rules, those representations were in effect during the relevant period.

10. During the relevant period, defendant was in a CFAC relationship with another freight forwarder ("FF-1"), which was in the business of providing services related to the transportation of military household goods under the ITGBL program.

11. During the relevant period, defendant filed through rates for ITGBL and Hawaii traffic in the following cycles: IS-99, IW-99, IS-00, IW-00, IS-01 and IW-01. In those cycles,

certain of the channels in which defendant filed through rates were the same as the channels in which FF-1 filed through rates. During the referenced cycles, defendant and FF-1 were awarded ITGBL and Hawaii traffic in certain of the same channels. In the referenced cycles, defendant received payments from MTMC for moving ITGBL and Hawaii traffic totaling \$3,211,521.

12. The Certificates of Carrier Responsibility and the TOSS CFAC certifications described in paragraphs 7 and 9 above and filed by defendant were (a) material to a matter within the jurisdiction of the executive branch of the Government of the United States and (b) knowingly and willfully false, in that during the relevant period defendant was knowingly and intentionally in a CFAC relationship with FF-1.

**Violation – False Statements  
(18 U.S.C. § 1001)**

13. During the relevant period, in a matter within the jurisdiction of the DOD, a department of the United States, the defendant did knowingly and willfully make false, fraudulent, and fictitious material statements and representations on Certificates of Carrier Responsibility and TOSS forms filed with MTMC, and did knowingly conceal a material fact from MTMC: to wit, its eligibility to participate in the ITGBL program, through its statements and representations that:

(a) it was not “under common financial or administrative control (‘CFAC’) with any other household goods carrier or forwarder”;

(b) it was not owned or controlled by any other person, firm, or corporation engaged in the movement of household goods for the Department of Defense;

(c) it was not affiliated with any other person, firm, or corporation engaged in the movement of personal property for the Department of Defense;

(d) it did not share office space or telephone with any other carrier engaged in the movement of personal property for the Department of Defense; and

(e) the functions described in the Appendix to the Certificate of Carrier Responsibility were performed and would continue to be performed independent of any other person, firm, or corporation, in the offices of the carrier's business address.

### **Jurisdiction and Venue**

14. During the relevant period, the activities of defendant, described above, including the submission of TOSS forms and Certificates of Carrier Responsibility to MTMC and receipt of payment from MTMC for ITGBL and Hawaii traffic transported as part of MTMC's military household goods program, were carried out, in part, within the Eastern District of Virginia.

15. The offense charged in this Criminal Information was formed and carried out, in part, within the Eastern District of Virginia.

(In violation of Title 18, United States Code, Section 1001).

\_\_\_\_\_/s/  
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