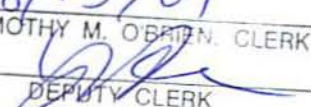


UNITED STATES DISTRICT COURT

DISTRICT OF KANSAS

FILED IN OPEN COURT  
8/13/09  
TIMOTHY M. O'BRIEN, CLERK  
BY  DEPUTY CLERK

UNITED STATES OF AMERICA

v.

PATRIOT SERVICES, INC.,

Defendant.

Case Number: 2:09-cr-20100

Filed

Violation: 15 U.S.C. § 645(a)

### PLEA AGREEMENT

The United States of America and Patriot Services, Inc. ("Defendant"), a corporation organized and existing under the laws of Georgia, hereby enter into the following Plea Agreement pursuant to Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure:

### RIGHTS OF DEFENDANT

1. Defendant understands its rights:

- (a) to be represented by an attorney;
- (b) to be charged by Indictment;
- (c) to plead not guilty to any criminal charge brought against it;
- (d) to have a trial by jury, at which it would be presumed not guilty of the

charge and the United States would have to prove every essential element of the charged offense beyond a reasonable doubt for it to be found guilty;

(e) to confront and cross-examine witnesses against it and to subpoena witnesses in its defense at trial;



- (f) to appeal its conviction if it is found guilty; and
- (g) to appeal the imposition of sentence against it.

**AGREEMENT TO PLEAD GUILTY**  
**AND WAIVE CERTAIN RIGHTS**

2. Defendant knowingly and voluntarily waives the rights set out in Paragraph 1(b)-(f) above. Defendant also knowingly and voluntarily waives venue, as well as its right to file any appeal, any collateral attack, or any other writ or motion, including but not limited to an appeal under 18 U.S.C. § 3742, that challenges the sentence imposed by the Court if that sentence is consistent with or below the sentence recommended in Paragraph 11 of this Plea Agreement, regardless of how the sentence is determined by the Court. This agreement does not affect the rights or obligations of the United States as set forth in 18 U.S.C. § 3742(b). Nothing in this paragraph, however, shall act as a bar to Defendant perfecting any legal remedies it may otherwise have on appeal or collateral attack respecting claims of ineffective assistance of counsel or prosecutorial misconduct. Defendant agrees that there is currently no known evidence of ineffective assistance of counsel or prosecutorial misconduct.

3. Pursuant to Rule 7(b) of the Federal Rules of Criminal Procedure, Defendant will waive indictment and plead guilty at arraignment to a one-count Information charging Defendant with making a false statement to the United States Small Business Administration (“SBA”) in violation of Title 15 of the United States Code Section 645(a) to be filed in the United States District Court for the District of Kansas. By entering into this Plea Agreement, Defendant admits to knowingly committing this offense and to being guilty of this offense.

4. Defendant, pursuant to the terms of this Plea Agreement, will plead guilty to the



criminal charge described in Paragraph 3 above and will make a factual admission of guilt to the Court in accordance with Rule 11 of the Federal Rules of Criminal Procedure, as set forth in Paragraph 5 below.

**FACTUAL BASIS FOR OFFENSE CHARGED**

5. Defendant is pleading guilty because it is in fact guilty of the charge contained in the Information. In pleading guilty, Defendant admits the following facts and that those facts establish its guilt beyond a reasonable doubt to the charge contained in the Information:

(a) For purposes of this Plea Agreement, the “relevant period” is that period beginning in or about November 2003 and continuing until in or about April 2007. During the relevant period, Defendant was a corporation organized and existing under the laws of Georgia with its principal place of business in Griffin, Georgia, and was engaged in the business of providing temporary staffing services to various agencies and departments of the United States Government at various locations throughout the United States.

(b) Acts in furtherance of the charge contained in the Information were carried out within the District of Kansas. Defendant, by and through its representatives, employees, and officers, communicated in person, as well as by telephone, electronic mail, and United States mail with government officials at the United States Department of Veterans’ Affairs (“VA”) in Leavenworth, Kansas in support and in furtherance of the charge contained in the Information. In addition, Defendant understood that its false statement, as charged in the Information, could cause, and did in fact cause, the SBA to fax documents to the VA in Leavenworth, Kansas authorizing the VA to negotiate multi-million dollar 8(a) set-aside contracts with Defendant for the VA’s Leavenworth Consolidated Mail Outpatient Pharmacy (“CMOP”).



(c) During the relevant period, STEPHANIE BLACKMON (“BLACKMON”), a service-disabled African-American female, was the owner and nominal President of Defendant. Beginning in or about January 2000 and continuing through approximately April 2007, BLACKMON also was an employee of Company A.

(d) Company A was a corporation engaged in the business of providing temporary staffing services at various locations throughout the United States. During the relevant period BLACKMON understood that Company A was too large to qualify as a small business under the United States Small Business Administration’s (“SBA”) standards. Similarly, BLACKMON understood that during the relevant period Company A was not qualified as a socially and economically disadvantaged company under Section 8(a) of the Small Business Act (“8(a)”), nor could it have qualified as an 8(a) company because it was not owned and operated by a socially and economically disadvantaged individual.

(e) On or about June 4, 2005, Company A was acquired by another company. All references to Company A in this Plea Agreement on or after June 4, 2005 shall mean Company A as a subsidiary of that parent company.

(f) Beginning at least as early as January 2000 and continuing until approximately June 4, 2005, Individual A, a Caucasian male, was co-owner and President of Company A. When Company A was acquired in or about June 4, 2005, Individual A ceased to be a co-owner of Company A, but remained as an executive with Company A until approximately June 2006. Individual A was BLACKMON’s employer at Company A from at least as early as January 2000 until approximately June 2006, when Individual A left Company A. From in or about June 2006 until approximately April 2007, Individual A represented himself



as Vice President of Defendant.

(g) Beginning at least as early as January 2000 and continuing until at least December 2005, Individual B, a Caucasian male, was co-owner and Vice President of Company A and, as such, also was BLACKMON's employer during that time. Beginning in or about November 2003 and continuing until in or about December 2005, Individual B also was involved in the operation of Defendant's business.

(h) During the relevant period and continuing until November 2006, Individual C, a Caucasian female, served as Director of Human Resources for Company A. Individual C also was Marketing Director for Company A. Beginning at least as early as November 2005 and continuing until in or about April 2007, Individual C also was involved in the operation of Defendant's business.

(i) Beginning in or about March 2003 and continuing through in or about April 2007, Individual D, a Caucasian male and the son of Individual A, was an executive with Company A. During the relevant period, Individual D also was involved in the operation of Defendant's business.

(j) Company B was a corporation engaged in the business of providing funding and back office management. BLACKMON understood that Individual D was the President of Company B, Individual C was the Vice President of Company B, and Individual A was involved in the management and operation of Company B.

(k) Individual E was a contracting officer with the VA until his retirement in or about January 2007. Individual E had responsibility for, among other things, negotiating contracts on behalf of the Leavenworth CMOP.



(l) In or about October 2003, Individual A informed BLACKMON that the owner of Defendant at that time was looking to sell the business and encouraged BLACKMON to purchase Defendant.

(m) On or about November 26, 2003, BLACKMON purchased Defendant's stock for \$1,000. Because BLACKMON lacked the necessary funds, Individual B arranged for Company A to loan BLACKMON \$1,000 to finance the purchase. Individual B also arranged for a lawyer to assist BLACKMON in closing the transaction.

(n) Individual A determined BLACKMON's salary from Defendant. In 2004 and 2005, BLACKMON received no salary from Defendant. For the full year 2006, BLACKMON received approximately \$1,200 in salary from Defendant. From January 1, 2007 through the end of April 2007, BLACKMON received approximately \$7,600 in salary from Defendant.

(o) At least as early as 2005, BLACKMON understood from conversations she heard between Individuals A and C that Company A was no longer considered a small business and could no longer bid on contracts set aside for small businesses.

(p) Beginning at least as early as January 2005, BLACKMON knew that Individuals A, B, and C, as well as various other employees of Company A, were identifying contracting opportunities for Defendant, and beginning at least as early as June 2005, BLACKMON knew that Individuals A, B, and C, as well as various other employees of Company A, were preparing and submitting bids for Defendant. BLACKMON was not involved in identifying contracting opportunities for Defendant or deciding whether Defendant would submit bids, nor was she involved in negotiating bids for Defendant. Defendant was run in the



same manner as Company A, with Individuals A and C making the decisions for the company, including whether Defendant would submit a bid on a particular contract. Individual B, along with other employees of Company A, also identified and submitted various bids on behalf of Defendant.

(q) BLACKMON's job responsibilities at Defendant were limited to managing the various contracts that Individuals A, B, C, and others had secured on behalf of the company. BLACKMON's job responsibilities at Defendant were the same responsibilities she had at Company A.

(r) In the Fall of 2005, Defendant bid on and won contracts with the United States Army Reserve's 81<sup>st</sup> Regional Readiness Command ("81<sup>st</sup>"), contracts which previously had been held by Company A. Company A was no longer able to bid on those contracts because it was not a small business and the 81<sup>st</sup> contracts had been set aside for small businesses.

(s) In or about October 2005, Individual A suggested that BLACKMON apply to the SBA on behalf of Defendant for 8(a) certification, something he had mentioned to her on previous occasions. Individual A explained that if Defendant were to be certified as an 8(a) business, it would be eligible to bid on and receive federal government contracts set aside for 8(a) certified businesses. Individual A also told BLACKMON that 8(a) certification was "one more checked box" on government contracts under which Defendant could qualify.

(t) In or about late November 2005, Individual C sought to work with BLACKMON to draft and submit an 8(a) application for Defendant as Individual A had suggested. Individual C told BLACKMON "[Individual A] wants this done." When BLACKMON initially declined Individual C's help, Individual C told BLACKMON that she was



going to call Individual A, who would be very upset with BLACKMON for not allowing Individual C to assist with Defendant's 8(a) application.

(u) At the end of 2005, BLACKMON began to realize that Defendant was not her company, that Individuals A and C were going to be running Defendant, that she would be working for Individuals A and C even though she was the President of Defendant, and that her responsibilities would be limited to managing contracts for Defendant, just as she had at Company A. BLACKMON also began to understand that her value to Defendant was in the qualifications she provided the company by virtue of her status as a socially and economically disadvantaged woman and a service-disabled veteran.

(v) In or about late January 2006, BLACKMON met with Individual A at a local area restaurant. During this meeting, Individual A told BLACKMON that if she could get Defendant certified as 8(a) by the SBA she would "check all the boxes" and Defendant could be very successful. BLACKMON understood that to mean that Defendant would have access to an even larger number of federal contracts if Defendant was certified 8(a) and appeared to be run by BLACKMON, an African-American female, service-disabled veteran, than if it were known to be run by a person such as Individual A, a Caucasian male.

(w) During that meeting, Individual A told BLACKMON that: he would secure contracts for Defendant; Individual C would prepare bid proposals for Defendant; Individuals C and D would use Company B to provide financing and payroll services for Defendant; and BLACKMON would administer Defendant's contracts, just as she did at Company A.

(x) After BLACKMON's meeting with Individual A at the local area



restaurant, she knew that Individual A was running Defendant, that Individual A would continue to be her boss at Defendant even though she was the President of the company, and that Defendant was not really her company. BLACKMON also understood that Individuals A and C were making, and would continue to make, the business decisions for Defendant and that she was simply working for them, just as she did at Company A. BLACKMON understood that her primary purpose at Defendant was to provide a basis on which Defendant could secure 8(a) certification as a business owned and operated by a socially and economically disadvantaged individual so that Defendant would have access to 8(a) set-aside federal contracts.

(y) On or about February 22, 2006, BLACKMON, at the direction of Individual A, began an online 8(a) application on behalf of Defendant. In the course of completing Defendant's 8(a) application, Individuals A and C provided BLACKMON with responses or other information needed to complete the application. On or about May 4, 2006, with the assistance of Individual A, Individual C, and others, BLACKMON completed Defendant's initial online 8(a) application and submitted it to the SBA. At the direction of Individuals A and C, BLACKMON made the following representations to the SBA in Defendant's 8(a) application, knowing each to be false for the purpose of influencing the action of the SBA, including having the SBA certify Defendant as an 8(a) business:

(i) BLACKMON represented that no owner, director, officer, or management member of Defendant was a former employer or principal of a former employer of BLACKMON, when in truth and in fact, as she then well knew, Individual A, a former employer of BLACKMON, was an officer and a management member of Defendant;

(ii) BLACKMON represented that Defendant had no director, officer,



management member, partner, key employee, or owner other than BLACKMON, when in truth and in fact, as she then well knew, Individual A was an officer and management member of Defendant and Individual C was a management member of Defendant;

(iii) BLACKMON represented that Defendant did not have any existing management or consulting agreements, when in truth and in fact, as she then well knew, Defendant had an arrangement with Company A pursuant to which Company A performed payroll, bookkeeping, and “back office” functions for Defendant; and

(iv) BLACKMON represented that no individual or entity other than BLACKMON provided financial or bonding support, office space, or equipment to Defendant, when in truth and in fact, and as she then well knew:

(A) Defendant had received financial support from Individual A;

(B) Individual A had verbally agreed to provide future financial support to meet Defendant’s payroll obligations under its contract with the 81<sup>st</sup>;

(C) Defendant had received financial support from Company A;

and

(D) Defendant shared office space with Company A.

(z) BLACKMON provided false and misleading information to the SBA as part of Defendant’s 8(a) application in order to secure 8(a) certification from the SBA for Defendant. BLACKMON understood that if she had provided truthful responses to the SBA, Defendant’s application for 8(a) certification likely would have been rejected.

(aa) In the summer of 2006, Individual A or Individual C told BLACKMON that contracts with the Leavenworth CMOP were going to be up for bid, Defendant was going to



bid for them, and Individual A would help Defendant get the contracts because he was on good terms with personnel at the Leavenworth CMOP.

(bb) In or about June 2006 Individual A left Company A and, notwithstanding the fact that he had been working on behalf of Defendant for several years, Individual A began representing himself as Vice President of Defendant. Beginning in or about June 2006 BLACKMON was aware that Individual A was representing himself as Vice President of Defendant; Individual A subsequently told BLACKMON he had taken the title because it made Defendant look more professional. BLACKMON understood Individual A's comment to mean that it made Defendant look like a more legitimate business if it had a Caucasian male representing it.

(cc) On or about August 10, 2006, Defendant's 8(a) application was verified as complete by the SBA and accepted for review.

(dd) On or about November 16, 2006, the SBA awarded Defendant 8(a) certification. On or about November 21, 2006, BLACKMON notified Individuals A and C that Defendant had received 8(a) certification. On or about November 22, 2006, Individual E sent Individual A an email informing him that he had nearly completed the Leavenworth CMOP solicitations but that he needed a copy of Defendant's 8(a) letter of eligibility and Defendant's contact person at the SBA; Individual A forwarded Individual E's request to BLACKMON and Individual C and instructed BLACKMON to retrieve the information Individual E had requested. BLACKMON understood the Leavenworth CMOP solicitations were going to be offered to Defendant as 8(a) set-aside contracts.

(ee) Before Defendant could receive any 8(a) contracts, however, Defendant



had to have a business plan approved by the SBA. Individual C drafted Defendant's business plan. In order to conceal Individual A's level of involvement with Defendant, shortly before BLACKMON took Defendant's business plan with her to meet with a representative of the SBA for 8(a) program orientation, Individual C removed references in Defendant's business plan to Individual A as Vice President of Defendant; Individual C also instructed BLACKMON to remove Individual A's resume from Defendant's business plan before it was submitted to the SBA.

(ff) Prior to her orientation meeting with the SBA, Individual A instructed BLACKMON to "downplay" his involvement with Defendant's business when she met with the SBA. BLACKMON understood that Individual A wanted her to lie to the SBA about his involvement with Defendant because he was not socially and economically disadvantaged and if the SBA knew the level of his involvement with Defendant it could cause Defendant to lose its 8(a) certification. In reality, Individual A was Defendant and BLACKMON was simply a "cover" for the company so that it could receive and maintain 8(a) status because Individual A was not socially and economically disadvantaged and would not have been able to get 8(a) certification.

(gg) On or about December 6, 2006, BLACKMON met with a representative of the SBA for orientation and to discuss Defendant's participation in the 8(a) program. During that meeting, the SBA representative told BLACKMON that the Leavenworth CMOP contract was restricted to companies that had received 8(a) certification from the SBA; BLACKMON understood that Defendant needed to be 8(a) certified in order to be eligible for that contract.

(hh) On or about December 7, 2006, BLACKMON submitted a copy of



Defendant's business plan, which had been drafted by Individual C, to the SBA.

(ii) On or about December 19, 2006, the VA awarded Defendant three 8(a) set-aside contracts to provide temporary staffing services at the Leavenworth CMOP. Those contracts, which collectively were worth approximately \$5.4 million, were, as BLACKMON knew, negotiated by Individual A on behalf of Defendant, and Individual E on behalf of the VA.

(jj) On or about April 11, 2007, BLACKMON met with Individual A at the Atlanta airport on the way to their meeting in Leavenworth, Kansas with the contracting officer who had replaced Individual E when he retired, as well as other VA representatives to discuss Defendant's pending contracts with the Leavenworth CMOP. En route to their meeting, Individual A instructed BLACKMON as to what she should and should not say during their meeting with VA representatives.

(kk) On April 11, 2007, BLACKMON and Individual A met with the new contracting officer and other representatives of the VA in Leavenworth, Kansas to discuss Defendant's pending contracts with the Leavenworth CMOP.

(ll) On their return flight to Atlanta, Individual A told BLACKMON that if Defendant kept the Leavenworth CMOP contracts, the company would make a lot of money. Individual A also told BLACKMON that if Defendant kept the Leavenworth CMOP contracts, she could stay at home, do no work other than periodically attending trade shows on behalf of Defendant, and earn as much as \$200,000 per year. Individual A further informed BLACKMON that Company B would handle Defendant's payroll and that he and Individuals C and D would handle all of Defendant's business. Finally, Individual A told BLACKMON that he was going to get a Lexus hybrid and told BLACKMON that he could arrange for BLACKMON to get a 6



Series BMW, which she understood would be a Defendant company car.

(mm) At the end of 2006 and the beginning of 2007, Individuals A, C, and D prepared a bid submission on behalf of Defendant for a contract with the Army Corps of Engineers to canvass hurricane-damaged areas in Florida, Puerto Rico, and the Virgin Islands. Individual A, Individual C, and employees of Company A unknown to BLACKMON prepared and submitted a bid package for Defendant for the Army Corps of Engineers project.

(nn) On or about January 10, 2007, Individual A, representing himself as the Vice President/General Manager of Defendant, submitted Defendant's bid for the Army Corps of Engineers contract. Defendant's bid package indicated that the company had previous experience with canvassing hurricane-damaged areas when, in truth and in fact, the experience referenced in Defendant's proposal was that of Company A, not Defendant.

#### **POSSIBLE MAXIMUM SENTENCE**

6. Defendant understands that the statutory maximum penalty which may be imposed against it upon conviction for a violation of 15 U.S.C. § 645(a) is a fine of \$5,000.

7. In addition, Defendant understands that:

(a) pursuant to 18 U.S.C. § 3561(c)(1), the Court may impose a term of probation of at least one year, but not more than five years;

(b) pursuant to § 8B1.1 of the United States Sentencing Guidelines ("U.S.S.G.," "Sentencing Guidelines," or "Guidelines") or 18 U.S.C. § 3563(b)(2) the Court may order Defendant to pay restitution to the victims of the offense; and

(c) pursuant to 18 U.S.C. § 3013(a)(2)(B), the Court is required to order Defendant to pay a \$400.00 special assessment upon conviction for the charged crime.



### **SENTENCING GUIDELINES**

8. Defendant understands that the Sentencing Guidelines are advisory, not mandatory, but that the Court must consider the Guidelines in effect on the day of sentencing, along with the factors set forth in 18 U.S.C. § 3553(a), in determining and imposing sentence. Defendant understands that the Guidelines determinations will be made by the Court by a preponderance of the evidence standard and that in making its determination the Court may consider any reliable evidence, including hearsay. Defendant understands that although the Court is not ultimately bound to impose a sentence within the applicable Guidelines range, its sentence must be reasonable based upon consideration of all relevant sentencing factors set forth in 18 U.S.C. § 3553(a). Pursuant to U.S.S.G. §1B1.8, the United States agrees that self-incriminating information that Defendant provides to the United States pursuant to this Plea Agreement will not be used in determining Defendant's applicable Guidelines range, except to the extent provided in U.S.S.G. §1B1.8(b).

### **SENTENCING AGREEMENT**

9. Defendant and the United States agree that: the "intended loss" from Defendant's fraudulent conduct, as that term is defined in Application Note 3.(A)(ii) to U.S.S.G. § 2B1.1, is more than \$2.5 Million, but less than \$7.0 Million; and the 8(a) set-aside contracts Defendant entered into with the VA to provide services at the Leavenworth CMOP were "government benefits" as that term is defined in Application Note 3.(F)(ii) to U.S.S.G. § 2B1.1.

10. Defendant and the United States agree that the Guidelines offense level applicable to Defendant's conduct is Offense Level 24. The United States and Defendant further agree that Defendant's offense level is calculated as follows:



Base Offense Level [U.S.S.G. §§ 8C2.3(a) and 2B1.1(a)(2)]	6
Loss Amount [U.S.S.G. §§ 8C2.3(a) and 2B1.1(b)(1)(J)]	<u>18</u>
Offense Level	24

11. Pursuant to Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure, Defendant agrees to recommend, and the United States agrees not to oppose, that the Court impose a sentence requiring Defendant to pay to the United States a criminal fine of \$5,000 payable in full before the fifteenth (15th) day after the date of judgment. Defendant understands that the Court will order it to pay a \$400.00 special assessment pursuant to 18 U.S.C. § 3013(a)(2)(B) in addition to any fine imposed. Defendant and the United States agree that the sentence recommended in this paragraph is reasonable.

12. Defendant and the United States agree that there exists no aggravating or mitigating circumstance of a kind, or to a degree, not adequately taken into consideration by the United States Sentencing Commission in formulating the Sentencing Guidelines justifying a departure pursuant to U.S.S.G. §5K2.0.

13. Defendant understands that the Court has absolute discretion, pursuant to Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure, to accept or reject the sentence recommended in Paragraph 11 of this Plea Agreement and that the Court may impose a sentence that is not consistent with the recommendations contained in this Plea Agreement. Defendant further understands that, as provided in Rule 11(c)(3)(B) of the Federal Rules of Criminal Procedure, if the Court does not impose the sentence recommended in Paragraph 11 of this Plea Agreement, it nevertheless has no right to withdraw its plea of guilty. The United States cannot and does not make any promises or representations as to what sentence Defendant will receive.



14. Subject to the ongoing, full, and truthful cooperation of Defendant described in this Plea Agreement, the United States will inform the Probation Office and the Court of: (a) this Plea Agreement; (b) the nature and extent of Defendant's activities with respect to this case and all other activities of Defendant which the United States deems relevant to sentencing; and (c) the timeliness, nature, and extent of Defendant's cooperation with the United States. In so doing, the United States may use any information it deems relevant, including information provided by Defendant both prior and subsequent to the signing of this Plea Agreement. The United States reserves the right to make any statement to the Court or the Probation Office concerning the nature of the criminal violation charged in the Information, the participation of Defendant therein, and any other facts or circumstances that it deems relevant. Defendant understands that disclosures made by the United States to the Court or the Probation Office are not limited to the count to which Defendant has pled guilty. The United States also reserves the right to comment on or to correct any representation made by or on behalf of Defendant and to supply any other information that the Court may require. To enable the Court to have the benefit of all relevant sentencing information, the United States will request, and Defendant will not oppose, that sentencing be postponed until the United States deems Defendant's cooperation complete.

#### **DEFENDANT'S COOPERATION**

15. Defendant will cooperate fully and truthfully with the United States in the prosecution of this case, the conduct of the current federal investigation of violations of federal criminal laws involving contracting fraud related to the VA and the SBA, any other federal investigation resulting therefrom, and any litigation or other proceedings related to, or arising or resulting from, any such investigation to which the United States is a party (collectively referred



to herein as "Federal Proceeding"). The ongoing, full, and truthful cooperation of Defendant shall include, but not be limited to:

(a) producing to the United States all non-privileged documents, information, and other materials, wherever located, in the possession, custody, or control of Defendant, requested by the United States in connection with any Federal Proceeding; and

(b) using its best efforts to secure the ongoing, full, and truthful cooperation, as defined in Paragraph 16 of this Plea Agreement, of the current and former directors, officers, and employees of Defendant as may be requested by the United States, but excluding Roger D. Staggs, Julie L. Thompson, ~~Barry E. Durham~~ <sup>E. BARRY</sup> <sup>QUE</sup> <sup>SM</sup>, and Rusty D. Staggs, including making such persons available at Defendant's expense, for interviews and the provision of testimony in grand jury, trial, and other judicial proceedings in connection with any Federal Proceeding.

16. The ongoing, full, and truthful cooperation of each person described in Paragraph 15(b) will be subject to the procedures and protections of this paragraph, and shall include, but not be limited to:

(a) producing to the United States all non-privileged documents, information, and other materials, wherever located, including claimed personal documents and other materials, wherever located, requested by attorneys and agents of the United States;

(b) making himself or herself available for interviews, not at the expense of the United States, at the Chicago office of the Antitrust Division of the United States Department of Justice ("Antitrust Division") or at another mutually agreed-upon location, upon the request of attorneys and agents of the United States;

(c) responding fully and truthfully to all inquiries of the United States in



connection with any Federal Proceeding, without falsely implicating any person or intentionally withholding any information, subject to the penalties of making false statements (18 U.S.C. § 1001) and obstruction of justice (18 U.S.C. § 1503, *et seq.*);

(d) otherwise voluntarily providing the United States any non-privileged material or information not requested in (a) - (c) of this paragraph that he or she may have in his or her possession, custody, or control that is related to any Federal Proceeding;

(e) when called upon to do so by the United States in connection with any Federal Proceeding, testifying in grand jury, trial, and other judicial proceedings fully, truthfully, and under oath, subject to the penalties of perjury (18 U.S.C. § 1621), making false statements or declarations in grand jury or court proceedings (18 U.S.C. § 1623), contempt (18 U.S.C. §§ 401-402), and obstruction of justice (18 U.S.C. § 1503, *et seq.*); and

(f) agreeing that, if the agreement not to prosecute him or her in this Plea Agreement is rendered void under Paragraph 19(c), the statute of limitations period for any Relevant Offense as defined in Paragraph 18 shall be tolled as to him or her for the period between the date of the signing of this Plea Agreement and six (6) months after the date that the United States gave notice of its intent to void its obligations to that person under the Plea Agreement.

17. Defendant agrees to deliver to the United States of America, prior to sentencing, a completed financial statement identifying all of its assets.

#### **GOVERNMENT'S AGREEMENT**

18. Upon acceptance of the guilty plea called for by this Plea Agreement and the imposition of the sentence recommended in Paragraph 11, and subject to the cooperation requirements of this Plea Agreement, the Antitrust Division agrees that it will not bring further



criminal charges against Defendant for the making of any false statement to the SBA in violation of 15 U.S.C. § 645(a), nor any violation of Federal criminal law involving fraud related to federal contracting, the VA, and the SBA committed before the date of this Plea Agreement ("Relevant Offense"). The scope of the protection afforded by this paragraph is limited to the activities stated above that Defendant has disclosed to the United States as of the date of this Plea Agreement. The United States will bring the cooperation of Defendant to the attention of any United States Attorney's Office, the Department of Justice, or any state criminal prosecuting authority contemplating charging Defendant with any Relevant Offense if the Defendant so requests in writing. The nonprosecution terms of this paragraph do not apply to civil matters of any kind, to any violation of the federal tax or securities laws, or to any crime of violence.

19. The United States agrees to the following:

(a) Upon the Court's acceptance of the guilty plea called for by this Plea Agreement, the imposition of the sentence recommended in Paragraph 11, and subject to the exceptions noted in Paragraph 19(c), the United States will not bring criminal charges against any current or former director, officer, or employee of Defendant for any Relevant Offense committed while that person was acting as a director, officer, or employee of Defendant, except that the protections granted in this paragraph shall not apply to Stephanie D. Blackmon, Roger D. Staggs, Julie L. Thompson, ~~Barry E. Durham~~, and Rusty D. Staggs;

(b) Should the United States determine that any current or former director, officer, or employee of Defendant may have information relevant to any Federal Proceeding, the United States may request that person's cooperation under the terms of this Plea Agreement by written request delivered to counsel for the individual (with a copy to the undersigned counsel for



Defendant) or, if the individual is not known by the United States to be represented, to the undersigned counsel for Defendant;

(c) If any person requested to provide cooperation under Paragraph 19(b) fails to comply with his or her obligations under Paragraph 16, then the terms of this Plea Agreement as they pertain to that person, and the agreement not to prosecute that person granted in this Plea Agreement, shall be rendered void;

(d) Except as provided in Paragraph 19(e), information provided by a person described in Paragraph 19(b) to the United States under the terms of this Plea Agreement pertaining to any Relevant Offense, or any information directly derived from that information, may not be used against that person in a criminal case, except in a prosecution for perjury (18 U.S.C. § 1621), making a false statement or declaration (18 U.S.C. §§ 1001, 1623), or obstruction of justice (18 U.S.C. § 1503, *et seq.*);

(e) If any person who provides information to the United States under this Plea Agreement fails to comply fully with his or her obligations under Paragraph 16 of this Plea Agreement, the agreement in Paragraph 19(d) not to use that information or any information directly derived from it against that person in a criminal case shall be rendered void;

(f) The nonprosecution terms of this paragraph do not apply to civil matters of any kind, to any violation of the federal tax or securities laws, or to any crime of violence; and

(g) Documents provided under Paragraphs 15(a) and 16(a) shall be deemed responsive to outstanding grand jury subpoenas issued to Defendant.

20. Defendant understands that it may be subject to administrative action by federal or state agencies other than the Antitrust Division based upon the conviction resulting from this



Plea Agreement, and that this Plea Agreement in no way controls whatever action, if any, other agencies may take. Preliminary to, or in connection with, any judicial proceeding, as that term is used in Rule 6(e) of the Federal Rules of Criminal Procedure, Defendant will interpose no objection to the entry of an order under Rule 6(e) authorizing disclosure of those documents, testimony, and related investigative materials which may arguably constitute grand jury material. Defendant will not object to the United States soliciting consent from third parties, who provided information to the grand jury pursuant to grand jury subpoena, to turn those materials over to the VA, SBA, United States General Services Administration, the Internal Revenue Service, or other appropriate federal or state administrative agencies for use in civil or administrative proceedings or investigations, rather than returning the documents to such third party for later summons or subpoena in connection with any civil or administrative proceeding against Defendant.

#### **REPRESENTATION BY COUNSEL**

21. Defendant has been represented by counsel, has reviewed all legal and factual aspects of this case with its attorney, and is fully satisfied that its attorney has provided competent legal representation. Defendant has thoroughly reviewed this Plea Agreement with its attorney and has received satisfactory explanations from its attorney concerning each paragraph of this Plea Agreement and alternatives available to Defendant other than entering into this Plea Agreement. Defendant acknowledges that counsel has advised it of the nature of the charge, any possible defenses to the charge, and the nature and range of possible sentences. After conferring with its attorney and considering all available alternatives, Defendant has made a knowing and voluntary decision to enter into this Plea Agreement and to waive venue with respect to the filing and disposition of the Information.



### **VOLUNTARY PLEA**

22. Defendant's decision to enter into this Plea Agreement and to tender a plea of guilty is freely and voluntarily made and is not the result of force, threats, assurances, promises, or representations other than the representations contained in this Plea Agreement. The United States has made no promises or representations to Defendant as to whether the Court will accept or reject the recommendations contained within this Plea Agreement.

### **VIOLATION OF PLEA AGREEMENT**

23. Defendant agrees that, should the United States determine in good faith, during the period that any Federal Proceeding is pending, that Defendant has failed to provide full and truthful cooperation, as described in this Plea Agreement, or has otherwise violated any provision of this Plea Agreement, the United States will notify Defendant or its counsel in writing, by telephone, or by facsimile transmission of its intention to void any of its obligations under this Plea Agreement (except its obligations under this paragraph), and Defendant shall be subject to prosecution for any federal crime of which the United States has knowledge including, but not limited to, the substantive offenses relating to the investigation that resulted in this Plea Agreement. Defendant agrees that, in the event that the United States is released from its obligations under this Plea Agreement and brings criminal charges against Defendant for any conduct arising from the United States' investigation of violations of federal criminal laws involving a Relevant Offense, the statute of limitations period for such offense shall be tolled as to Defendant for the period between the date of the signing of this Plea Agreement and six (6) months after the date the United States gave notice of its intent to void its obligations under this Plea Agreement.



24. Defendant understands and agrees that in any further prosecution of it resulting from the release of the United States from its obligations under this Plea Agreement because of Defendant's violation of this Plea Agreement, any documents, statements, information, testimony, or other evidence provided by it or any of its current or former directors, officers, or employees to attorneys or agents of the United States, federal grand juries, or courts, whether before or after the execution of this Plea Agreement, as well as any leads derived therefrom, may be used against it in any such further prosecution. Defendant unconditionally waives its right to challenge the use of such evidence in any such further prosecution and hereby agrees that it will not assert a claim under the U.S. Constitution, any statute, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule, that such evidence, or any leads therefrom, should be suppressed or otherwise be inadmissible.

#### **ENTIRETY OF AGREEMENT**

25. This Plea Agreement constitutes the entire agreement between the United States and Defendant concerning the disposition of the criminal charge contained in the Information. This Plea Agreement may not be modified except in writing, signed by the United States and Defendant.

26. The undersigned is authorized to enter this Plea Agreement on behalf of Defendant as evidenced by the Resolutions of the Board of Directors of Defendant attached hereto and incorporated by reference in this Plea Agreement. *See Attachment A.*

27. The undersigned attorneys for the United States have been authorized by the Attorney General of the United States to enter this Plea Agreement on behalf of the United States.

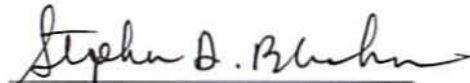


28. A facsimile signature shall be deemed an original signature for the purpose of executing this Plea Agreement. Multiple signature pages are authorized for the purpose of executing this Plea Agreement.



AGREED THIS DATE: August 13, 2009

BY:



STEPHANIE D. BLACKMON  
President,  
PATRIOT SERVICES, INC.

BY:




JAMES M. DEICHERT  
Counsel for PATRIOT SERVICES, INC.

[jdeichert@fellab.com](mailto:jdeichert@fellab.com)  
Fellows LaBriola LLP  
Peachtree Center  
Suite 2300 South Tower  
225 Peachtree Street, N.E.  
Atlanta, GA 30303-1731

Telephone: (404) 586-9200  
Facsimile: (404) 586-9201

Respectfully submitted,

BY:



Jonathan A. Epstein  
[Jonathan.Epstein@usdoj.gov](mailto:Jonathan.Epstein@usdoj.gov)  
Illinois Bar Number - 6237031

E-H

Eric C. Hoffmann  
[Eric.Hoffmann@usdoj.gov](mailto:Eric.Hoffmann@usdoj.gov)  
Illinois Bar Number - 6243122



Michael N. Loterstein  
[Michael.Loterstein@usdoj.gov](mailto:Michael.Loterstein@usdoj.gov)  
Illinois Bar Number - 6297060

Attorneys,  
Antitrust Division  
U.S. Department of Justice  
209 S. LaSalle Street, Suite 600  
Chicago, Illinois 60604

Telephone: (312) 353-7530  
Facsimile: (312) 353-1046



**Attachment A**

**Resolutions of the Board of Directors of Patriot Services, Inc.**

The undersigned certifies that the Board of Directors of Patriot Services, Inc. ("PATRIOT") unanimously adopted the following resolutions on July 14, 2009:

RESOLVED, the execution, delivery, and performance of the Plea Agreement between PATRIOT and the United States Department of Justice, in substantially the form presented to this meeting ("Plea Agreement"), is hereby approved;

RESOLVED, that Stephanie D. Blackmon ("BLACKMON"), is hereby authorized and directed to execute and deliver the Plea Agreement in the name and on behalf of PATRIOT;

RESOLVED, that BLACKMON is hereby authorized to represent PATRIOT at any hearing in order to waive certain rights of PATRIOT and to enter a plea, all in accordance with the provision of the Plea Agreement; and

RESOLVED, that BLACKMON is hereby authorized and empowered to take any and all actions required or appropriate in order to carry out the intent and purpose of the preceding resolutions.

Date: July 14 2009

Stephanie D. Blackmon  
President