

PFE/DAB and DSK/MPM/MK: Dec. 2020

GJ#4

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
NORTHEASTERN DIVISION**

UNITED STATES OF AMERICA)

)

v.)

)

PAUL DAIGLE)

)

INDICTMENT

The Grand Jury charges that:

General Allegations

At all times relevant to this Indictment, unless otherwise stated:

The Co-Conspirators and Relevant Entities

1. Company A was an aviation services company based in Huntsville, Alabama.
2. Defendant **PAUL DAIGLE** was the Chief Executive Officer (CEO) of Company A. Defendant **DAIGLE** directed and supervised the day-to-day management and operations of Company A.
3. Keith Woolford was the Chief Financial Officer (CFO) of Company A. Woolford participated in the day-to-day financial management of Company A, was responsible for overseeing employees who compiled Company A’s invoices, and personally submitted Company A’s invoices for payment.

Company A's Contracts with the Department of Defense

4. From in or around September 2013 through in or around July 2017, Company A was engaged as a subcontractor on three aviation-related contracts (the "Contracts") awarded by the U.S. Department of Defense ("DOD"). The contracts served to further the missions of the United States Army and the United States Air Force, and were related to the ongoing conflict in Afghanistan.

5. Companies 1, 2, and 3, known as "prime contractors," were responsible for engaging subcontractors such as Company A, and for administering the Contracts. These responsibilities included processing invoices received from subcontractors for payment by the DOD.

6. Labor Categories ("LCATs") were provisions incorporated into the Contracts that established the minimum qualifications in experience and education that contractor and subcontractor employees needed in order to work in their assigned positions. Each of the Contracts included language that made compliance with the LCATs mandatory.

7. For some of the LCATs, there was a requirement that certain employees working on the Contracts had completed their bachelor's degrees.

8. Labor mapping was the process of assigning employees to LCATs. Defendant **DAIGLE** directed and was responsible for mapping Company A employees to

LCATs on the Contracts, and for ensuring the Company A employees met the minimum qualifications of the LCATs.

9. Company A was only allowed to charge the DOD for work that was in fact performed in support of the Contracts.

Company A's Non-Government Work

10. While Company A was engaged on the Contracts, Defendant **DAIGLE** and others attempted to diversify Company A's lines of business. To that end, in or about late 2014, Defendant **DAIGLE** personally hired employees with experience in commercial aviation to assist Company A in setting up a commercial aviation repair station. Company A also employed other personnel engaged in non-government work.

COUNT ONE
Conspiracy to Commit Wire Fraud
(18 U.S.C. § 1349)

11. Paragraphs 1 through 10 are re-alleged and incorporated by reference as if set out in full here.

12. From in or around September 2013 until in or around July 2017, in the Northern District of Alabama and elsewhere, Defendant **DAIGLE**, Woolford, and persons known and unknown to the Grand Jury, knowingly conspired and agreed to commit the offense of wire fraud; that is, to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses,

representations, and promises, and for the purpose of executing and attempting to execute such scheme and artifice, did transmit and cause to be transmitted in interstate and foreign commerce certain writings, signs, and signals, in violation of Title 18, United States Code, Section 1343.

Objects of the Conspiracy

13. The objects of the conspiracy were for Defendant **DAIGLE** and his co-conspirators, to unlawfully enrich themselves and Company A by obtaining DOD money based on materially false statements and pretenses, and to conceal the conspiracy.

Manner and Means of the Conspiracy

14. To further the conspiracy and accomplish its unlawful objects, Defendant **DAIGLE** and his co-conspirators used the following manners and means, among others:

- a. The members of the conspiracy charged the DOD for work that had not been performed on the Contracts, and generated time cards, invoices, and other documents, in order to support false claims to the DOD (“false billing”);
- b. The members of the conspiracy assigned unqualified employees to the Contracts, resulting in the DOD paying inflated hourly rates for non-qualifying labor;

- c. The members of the conspiracy, upon learning that employees required bachelor's degrees, directed employees to use "diploma mill" online services to obtain fake degrees ("fake degree"); and
- d. The members of the conspiracy took steps to conceal their activity.

Acts in Furtherance of the Conspiracy

15. The members of the conspiracy engaged in the following acts, among others, in furtherance of the conspiracy:

Misrepresentations Related to False Billing

- a. Defendant **DAIGLE** directed Company A employees who were working on commercial ventures or other non-government projects to falsely account for their time, on weekly time cards, as if they were working on the Contracts, when in fact they were not.
- b. Defendant **DAIGLE** thereby caused invoices to be prepared by Company A employees, overseen by Woolford, which reflected Company A employees as having worked on Contracts (2) and (3) when in fact they had not.
- c. Defendant **DAIGLE** then caused these invoices to be prepared and submitted to DOD by Woolford and others, and Company A received payment on these invoices.

Misrepresentations Related to “Fake Degrees”

- d. Defendant **DAIGLE** mapped and caused the mapping of employees who did not meet the minimum qualifications in education to positions on the Contracts.
- e. Defendant **DAIGLE** directed and caused Company A employees to obtain false and fraudulent education credentials (“fake degrees”), at company expense, from false and fraudulent sources on the internet (known as diploma mills), knowing that the fake degrees could not satisfy the education requirements of the LCATs in the Contracts.
- f. Upon learning that a potential candidate did not have a bachelor’s degree as required by the Contracts, Defendant **DAIGLE** would respond with words to the effect of “University of State College Online,” which indicated to his subordinates that they should tell the prospective candidate to purchase a fake degree.
- g. Copies of fake degrees were kept in the employees’ human resources files. When Companies 2 and 3 requested verification of employee qualifications, Company A employees, at Defendant **DAIGLE**’s direction, prepared and submitted resumes that reflected the fake degrees, thereby falsely representing to Companies 2 and 3 that Company A employees were qualified for their assigned LCATs.

- h. Woolford was responsible for overseeing the compilation of Company A invoices that falsely reflected that Company A employees met the education requirements of their assigned LCATs, when in fact they did not.
- i. To be paid for Company A's work on the Contracts, Defendant Woolford submitted and caused to be submitted to the prime contractors, by email and other electronic interstate means, the invoices that had been compiled reflecting false information about employee qualifications.

All in violation of Title 18, United States Code, Section 1349.

COUNTS TWO THROUGH FIVE
WIRE FRAUD
(18 U.S.C. §§ 1343 & 2)

16. The factual allegations in Paragraphs 1 through 10 and 13 through 15 are re-alleged and incorporated by reference here.

17. From at least in or around September 2013 through in or around July 2017, in the Northern District of Alabama, Defendant **DAIGLE** willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, for the purpose of executing the aforesaid scheme and artifice to defraud, and attempting to do so, did knowingly transmit and cause to be

transmitted, by means of wire, radio, and television communication, writings, signals, pictures, and sounds in interstate and foreign commerce for the purposes of executing such scheme and artifice, as set forth below:

Count	On or About Date Claim Submitted	Description of Claim	Approximate Total Amount of Claim	Description of Wire
2	3/10/2015	Invoice # 002	\$955,875.93	Electronic communication from within Alabama to a computer server outside Alabama
3	5/5/2015	Invoice # 006	\$1,001,992.68	Electronic communication from within Alabama to a computer server outside Alabama
4	10/28/2016	Invoice # 045	\$1,872,280.49	Electronic communication from within Alabama to a computer server outside Alabama
5	2/16/2017	Invoice # 061	\$710,845.36	Electronic communication within Alabama to a computer server outside Alabama

Each count a separate offense, all in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS SIX THROUGH NINE
FALSE CLAIMS
(18 U.S.C. §§ 287 & 2)

18. The factual allegations in Paragraphs 1 through 10 and 13 through 15 are re-alleged and incorporated by reference here.

19. On or about the dates set forth below, in the Northern District of Alabama and elsewhere, Defendant **DAIGLE** made, presented, and caused to be made and presented, to the civil, military, and naval service of the United States, and a department and agency thereof, claims upon and against the United States, knowing such claims to be false, fictitious, and fraudulent; that is, Defendant **DAIGLE** caused the submission to the Department of Defense of claims for payment which he well knew contained false representations about work performed, and contained false representations about the qualifications of Company A employees:

Count	On or About Date Claim Submitted	Description of Claim	Approximate Total Amount of Claim
6	3/10/2015	Invoice # 002	\$955,875.93
7	5/5/2015	Invoice # 006	\$1,001,992.68
8	10/28/2016	Invoice # 045	\$1,872,280.49
9	2/16/2017	Invoice # 061	\$710,845.36

Each count a separate offense, all in violation of Title 18, United States Code, Sections 287 and 2.

Forfeiture Allegations

20. The factual allegations in Paragraphs 1 through 10, 13 through 15 are re-alleged and incorporated by reference here for the purpose of alleging forfeiture to the United States of certain property in which the defendant has an interest.

21. Upon conviction for a violation of Title 18, United States Code, Sections 1349 and 1343, as charged in Counts 1 through 5 of this Indictment, the defendant shall

forfeit to the United States any property, real or personal, which constitutes or is derived from any proceeds he obtained, directly or indirectly, as the result of such violation, and any property traceable to such property pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

22. If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant, up to the value of the above forfeitable property, and in addition, to require the defendant to return any such property to the jurisdiction of the court for seizure and forfeiture.

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) as incorporated by Title 28, United States Code, Section 2461(c).

A TRUE BILL

/s/ electronic signature

FOREPERSON OF THE GRAND JURY

DANIEL S. KAHN
Acting Chief, Fraud Section
Criminal Division

/s/ electronic signature

MICHAEL P. MCCARTHY
MATTHEW KAHN
Trial Attorneys
Fraud Section, Criminal Division

PRIM F. ESCALONA
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