

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

13- 0260

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12 UNITED STATES OF AMERICA,)
13 Plaintiff,)
14 v.)
15 MARK ALLEN,)
16 Defendant.)
17)

CR No. 13-
I N F O R M A T I O N
[18 U.S.C. § 371: Conspiracy; 18
U.S.C. § 981(a)(1)(C), 21 U.S.C.
§ 853, and 28 U.S.C. § 2461(c):
Criminal Forfeiture]

18 The United States Attorney charges:

19 At all times relevant to this Information:

20 A. INTRODUCTORY ALLEGATIONS

21 1. The Boeing Company ("Boeing") was a Delaware
22 corporation with its headquarters and principal place of
23 business in Seattle, Washington. Boeing's business included the
24 research, development, manufacture, and sale of space
25 satellites. Boeing was a "prime contractor" that had direct
26 contracts with United States Government agencies, including the
27 Department of Defense ("DOD"), United States Air Force ("USAF"),
28 National Aeronautical Space Administration ("NASA"), and United

1 States National Reconnaissance Office ("NRO"), to supply
2 satellites, satellite parts, and other products. Boeing Space
3 and Intelligence System ("BSIS") was a unit of Boeing which
4 focused on space systems and was headquartered in Seal Beach,
5 California, within the Central District of California.

6 2. Defendant MARK ALLEN ("ALLEN") was a Procurement Agent
7 employed by BSIS in El Segundo, California. Defendant ALLEN's
8 job was to procure from subcontractors parts used for BSIS'
9 United States Government and commercial programs. BSIS procured
10 parts through a competitive bidding process in which defendant
11 ALLEN sent requests for bids to various subcontractors,
12 subcontractors submitted bids on projects to defendant ALLEN,
13 and defendant ALLEN was to award purchase orders to the
14 subcontractors with the best bids.

15 3. Raymond Joseph ("Joseph") was an independent outside
16 sales representative for numerous subcontractors who did
17 business with BSIS and other United States Government prime
18 contractors.

19 4. Subcontractor #1 was a California corporation with
20 facilities in Whittier, California and Montebello, California,
21 both within the Central District of California. Subcontractor
22 #1 worked as a subcontractor for BSIS on projects funded by
23 various United States Government agencies and commercial
24 companies. In or about August 2009, BSIS excluded Subcontractor
25 #1 from doing further work for BSIS due to work quality and
26 performance issues.

1 5. A.H. was an owner and manager of Subcontractor #1.
2 A.H. was responsible for the day-to-day operations of
3 Subcontractor #1. A.H. retained Joseph to obtain BSIS purchase
4 orders for Subcontractor #1.

5 6. Nace Sheet Metal Company ("Nace") was a sole
6 proprietorship located in Anaheim, California, within the
7 Central District of California. Nace's primary business was the
8 manufacturing of office furniture. Nace served as a front for
9 Subcontractor #1 after BSIS excluded Subcontractor #1 from doing
10 business with BSIS.

11 7. Cesar Soto ("Soto") was the owner of Nace and was
12 responsible for the day-to-day operations of Nace. Soto was
13 related through marriage to A.H.

14 8. Subcontractor #2 was a California corporation located
15 in Torrance, California, within the Central District of
16 California. Subcontractor #2 worked as a subcontractor for BSIS
17 on projects funded by various United States Government agencies
18 and commercial entities.

19 9. N.M. was the owner and manager of Subcontractor #2.
20 N.M. was responsible for the day-to-day operations of
21 Subcontractor #2. N.M. retained Joseph to obtain BSIS purchase
22 orders for Subcontractor #2.

23 B. OBJECTS OF THE CONSPIRACY

24 10. Beginning in or about May 2004 and continuing through
25 in or about February 2012, in Los Angeles County, within the
26 Central District of California, and elsewhere, defendant ALLEN,
27 together with coconspirators Joseph and others known and unknown
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1 to the United States Attorney, knowingly combined, conspired,
2 and agreed to commit the following offenses against the United
3 States:

4 a. To offer and accept kickbacks, in violation of
5 Title 41, United States Code, Sections 8702 and 8707; and

6 b. To commit mail fraud, in violation of Title 18,
7 United States Code, Section 1341.

8 C. THE MANNER AND MEANS OF THE CONSPIRACY

9 11. The objects of the conspiracy were carried out, and to
10 be carried out, in substance, as follows:

11 a. Starting in or about 2004, Joseph and defendant
12 ALLEN entered into a business arrangement in which defendant
13 ALLEN agreed to award BSIS purchase orders to subcontractors
14 represented by Joseph in exchange for kickbacks from Joseph's
15 subcontractor clients to defendant ALLEN.

16 b. Joseph told his subcontractor clients, including
17 Subcontractor #1 and Subcontractor #2, that they could obtain
18 BSIS purchase orders if they paid kickbacks through him to
19 defendant ALLEN.

20 c. Defendant ALLEN assisted Joseph's subcontractor
21 clients in obtaining BSIS purchase orders by providing them via
22 email procurement-sensitive information that gave them an
23 improper advantage in bidding on purchase orders.

24 d. Joseph provided defendant ALLEN with courtesy
25 bids from Joseph's subcontractor clients to make it appear as if
26 defendant ALLEN had engaged in a competitive bidding process, as
27 required by BSIS's procurement requirements, when, in fact,
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1 defendant ALLEN did not engage in a competitive bidding process.

2 e. Joseph and defendant ALLEN used pseudonyms to
3 communicate with each other via email in order to conceal their
4 true identities from BSIS. Joseph used the pseudonyms C,
5 Caesar, Nace@yahoo.com, Private Gump, Private RJ, Ramon Jose,
6 and RJ. Defendant ALLEN used the pseudonyms Dr. A and General
7 Allen.

8 f. Joseph and his subcontractor clients submitted
9 quotes to BSIS to deliver products under United States
10 Government and commercial contracts. Joseph and these
11 subcontractors inflated the bids by the amount of the kickbacks
12 to be paid to defendant ALLEN.

13 g. Defendant ALLEN awarded Joseph's subcontractor
14 clients BSIS purchase orders.

15 h. Joseph's subcontractor clients delivered products
16 required under the BSIS purchase orders.

17 i. Joseph's subcontractor clients sent invoices to
18 BSIS to get paid for work under the purchase orders, and in the
19 process of doing so, Joseph's subcontractor clients inflated the
20 invoices by the amount of the kickbacks.

21 j. BSIS paid Joseph's subcontractor clients via
22 electronic funds transfer ("EFT") and U.S. Mail.

23 k. Joseph's subcontractor clients paid Joseph a
24 commission of approximately 13% of the money paid by BSIS.

25 l. Joseph's subcontractor clients concealed the
26 kickbacks to defendant ALLEN by various means, including: making
27 checks payable to cash; including defendant ALLEN's payment in
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1 Joseph's paycheck; writing two checks to Joseph when, in fact,
2 one was for defendant ALLEN; and writing checks to Joseph's
3 family members.

4 m. Joseph deposited the checks received from his
5 subcontractor clients and withdrew cash from his bank accounts
6 to pay kickbacks to defendant ALLEN.

7 n. With the knowledge of Joseph's subcontractor
8 clients, Joseph paid defendant ALLEN approximately 2-3% of the
9 purchase order price in cash as a kickback for influencing the
10 award of BSIS purchase orders, usually during "Program Reviews"
11 which were lunch meetings between Joseph and defendant ALLEN.

12 o. When BSIS excluded Subcontractor #1 due to work
13 quality and performance issues, Joseph, defendant ALLEN, and
14 A.H. (the owner of Subcontractor #1) recruited Soto, doing
15 business as Nace, to submit bids on behalf of Subcontractor #1
16 in the name of Soto and Nace and thus deceived BSIS as to who
17 manufactured the products supplied under the BSIS purchase
18 orders.

19 p. As a direct and intended part of the conspiracy
20 described above, Joseph's subcontractor clients received
21 approximately \$4,569,551 in BSIS purchase orders, approximately
22 \$715,891 of which was paid to Joseph and approximately \$109,843
23 of which was paid to defendant ALLEN. The losses to BSIS and
24 the United States resulting from the conspiracy were at least
25 approximately \$109,843, the amount of kickbacks paid to
26 defendant ALLEN.

1 D. OVERT ACTS

2 12. In furtherance of the conspiracy, and to accomplish
3 its objects, defendant ALLEN and coconspirator Joseph, together
4 with others known and unknown to the United States Attorney,
5 committed and willfully caused others to commit the following
6 overt acts, among others, in the Central District of California
7 and elsewhere:

8 OVERT ACTS RELATED TO SUBCONTRACTOR #1

9 Overt Act No. 1: In or about May 2004, A.H. and
10 Subcontractor #1 retained the services of Joseph to serve as an
11 outside sales representative and to pay kickbacks to defendant
12 ALLEN.

13 Overt Act No. 2: On or about June 15, 2007, defendant
14 ALLEN awarded Subcontractor #1 Purchase Order No. NNB8-909268,
15 which was under BSIS U.S. Navy Contract Number N00039-04-C-2009.

16 Overt Act No. 3: On or about November 1, 2007, BSIS
17 sent via U.S. Mail a check to Subcontractor #1 for approximately
18 \$128,686 for work related to Purchase Order No. NNB8-909268,
19 among other purchase orders.

20 Overt Act No. 4: On or about November 6, 2007, Joseph
21 paid defendant ALLEN a cash kickback of approximately \$1,000 for
22 awarding Purchase Order No. NNB8-909268 and other purchase
23 orders to Subcontractor #1.

24 OVERT ACTS RELATED TO NACE

25 Overt Act No. 5: On or about August 18, 2011,
26 defendant ALLEN awarded Nace Purchase Order 514246, which was a
27 Boeing Capital Equipment Contract with costs partially allocated
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1 to the United States.

2 Overt Act No. 6: On or about October 12, 2011, Joseph
3 paid a cash kickback to defendant ALLEN for awarding numerous
4 purchase orders, including Purchase Order 514246, to
5 Subcontractor #1 through Nace.

6 Overt Act No. 7: On or about October 19, 2011, BSIS
7 paid Nace approximately \$34,950 via check by U.S. Mail for
8 Purchase Order 514246, which was related to a Boeing Capital
9 Equipment Contract with costs partially allocated to the United
10 States.

11 OVERT ACTS RELATED TO SUBCONTRACTOR #2

12 Overt Act No. 8: On or about June 28, 2010, defendant
13 ALLEN awarded Subcontractor #2 Purchase Order NNB8-930138, which
14 was under BSIS NASA Contract No. NNG08DA00C.

15 Overt Act No. 9: On or about November 22, 2010, Joseph
16 paid defendant ALLEN a kickback for awarding Purchase Order
17 NNB8-930138 to Subcontractor #2.

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1 CRIMINAL FORFEITURE ALLEGATION

2 [28 U.S.C. § 2461(c); 18 U.S.C. § 981(a)(1)(C);

3 and 21 U.S.C. § 853]

4 1. Notice is hereby given that the United States intends
5 to seek forfeiture in this case pursuant to the provisions of
6 Title 28, United States Code, Section 2461(c), Title 18, United
7 States Code, Section 981(a)(1)(C), and Title 21, United States
8 Code, Section 853, with respect to the substantive charge in
9 this Information. Defendant MARK ALLEN ("defendant ALLEN"), if
10 convicted of the offense charged, shall forfeit to the United
11 States the following property:

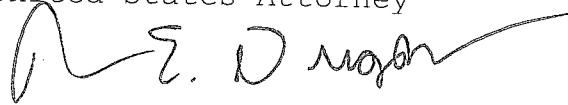
12 a. All right, title, and interest in any and all
13 property, real or personal, which constitutes or is derived from
14 proceeds traceable to the charged offense, including but not
15 limited to the sum of \$109,843.00.

16 b. A sum of money equal to the total amount of
17 proceeds derived from the offense for which defendant ALLEN is
18 convicted.

19 2. Pursuant to Title 21, United States Code, Section
20 853(p), as incorporated by Title 28, United States Code, Section
21 2461(c), ALLEN, if convicted, shall forfeit substitute property,
22 up to the total value of the property described above in
23 paragraph 1(b), if, by any act or omission of defendant ALLEN,
24 the property described in paragraph 1(a), or any portion
25 thereof, (a) cannot be located upon the exercise of due
26 diligence; (b) has been transferred or sold to, or deposited
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1 with, a third party; (c) has been placed beyond the jurisdiction
2 of the court; (d) has been substantially diminished in value; or
3 (e) has been commingled with other property that cannot be
4 divided without difficulty.
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8 ANDRÉ BIROTTE JR.
United States Attorney

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10 ROBERT E. DUGDALE
Assistant United States Attorney
11 Chief, Criminal Division

12 RICHARD E. ROBINSON
Assistant United States Attorney
13 Chief, Major Frauds Section

14 CONSUELO S. WOODHEAD
Assistant United States Attorney
15 Deputy Chief, Major Frauds Section

16 DAVID L. KIRMAN
Assistant United States Attorney
17 Major Frauds Section