



Department of Justice

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JURY CONVICTS THREE IN MULTI-MILLION DOLLAR SCHEME TO DEFRAUD THE UNITED STATES

A federal jury this morning in San Antonio convicted three individuals for their roles in a multi-million dollar fraud scheme announced United States Attorney Robert Pitman, General Services Administration (GSA) Inspector General Brian D. Miller, Air Force Office of Special Investigations (AFOSI), and the Defense Contract Audit Agency (DCAA).

Jurors convicted 62-year-old Donald Dean Brewer and his wife, 62-year old Sherri Lynn Brewer, both of Clovis, New Mexico, and 60-year-old James McKinney of San Antonio, with one count of conspiracy to defraud the United States, twelve counts of wire fraud and three counts of major fraud against the United States.

Testimony at trial established that in 2002, Donald Brewer was employed by KARTA Technologies, Inc. (KARTA), as the Medical Systems Infrastructure Modernization (MSIM) program manager at Brooks City-Base, San Antonio and James McKinney served as the Vice President of Government Services for Ark Systems, Inc. (Ark). KARTA contracted with the Air Force to provide engineers and analysts to evaluate and implement MSIM projects for the Air Force; Ark was hired by various Government contractors to provide the installation of cabling and electronics in support of MSIM projects at Air Force medical facilities worldwide. Testimony revealed that the defendants created a sham subcontracting business, Enterprise and Deployment, LLC (E&D) to be included as an additional extra subcontractor between the prime contractors and Ark. E&D added no value to these contracts, but the defendants submitted invoices for payment to E&D invoices, causing prime contractors to overcharge the Air Force by including E&D's fraudulent charges in the prime contractor invoices. From July 2002 through 2008, the defendants carried out their scheme, obtaining approximately \$33.5 million in subcontracts for E&D and thereby enriching themselves by almost \$6.5 million.

The conspiracy charge carries a statutory maximum penalty of five years in federal prison; each wire fraud charge up to 20 years in federal prison; and, each major fraud charge up to 10 years in federal prison. A monetary judgment against the defendants for more than \$6 million is also pending before the Court. The defendants remain free on bond pending sentencing scheduled for June 28, 2013 before Chief U.S. District Judge Fred Biery.

This case was investigated by the GSA Office of Inspector General, AFOSI and DCAA. Assistant United States Attorney James Blankinship and Special Assistant United States Attorney Gary McCown prosecuted this case on behalf of the United States.

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