

**DAILY REPORT
FRAUD SECTION, CRIMINAL DIVISION**

**United States v. Kevin Andre Smoot
(Dkt No. 07-CR-40052)(C.D. Illinois–Rock Island)
(ACTS No. 200702562)(D.J. No. 46-24-440)**

On December 18, 2007, Kevin Andre Smoot, former managing director at Eagle Global Logistics, Inc. (EGL), a publicly traded U.S. corporation headquartered in Houston, Texas, was sentenced to 14 months' incarceration and 2 years' supervised release, and ordered to pay a \$6,000 fine and restitution of \$17,964 on his July 2007 guilty plea to a criminal information charging him with one count of making a false statement to Special Agents of the Defense Criminal Investigative Service (DCIS) and the FBI (18 U.S.C. § 1001(a)(2)) and one count of violating the Anti-Kickback Act (41 U.S.C. §§ 53(1) and 54). The charges stem from a fraudulent \$1.141 million billing scheme involving a subcontract for the U.S. Army in Iraq.

EGL contracted to provide air-cargo transportation for the U.S. military into Iraq as a subcontractor to Kellogg, Brown and Root Services (KBR), a subsidiary of Halliburton, under a U.S. Army contract known as LOGCAP III. In turn, EGL contracted with "Company A" to provide the airplanes. In pleading, Smoot admitted that he made materially false statements to federal agents in stating that \$1,141,097 in "war risk surcharges" EGL billed to KBR and paid by the United States, were legitimate because they were charged to EGL by "Company A" when Smoot knew that "war risk surcharges" did not exist and that EGL had fraudulently submitted those surcharges to KBR. Smoot also admitted that from January 2002 through April 2005, he violated the Anti-Kickback Act in paying approximately \$33,831 in kickbacks to employees in KBR's Transportation Department for the purpose of improperly obtaining favorable treatment for EGL in connection with subcontracts under LOGCAP III.

In August 2006, Christopher Cahill, EGL regional vice-president for the Middle East, was sentenced to serve 30 months' incarceration and pay a fine of \$10,000 on his guilty plea to a criminal information charging him with major fraud against the United States in connection with the same fraudulent "war risk surcharges" billing scheme. Also in August 2006, in the Eastern

District of Virginia, EGL agreed to pay \$4 million to settle a potential civil claim under the False Claims Act based on the false invoices billed under this subcontract.

The case was prosecuted by Fraud Section Senior Trial Attorney John A. Michelich and First Assistant United States Attorney Jeffrey Lang and Assistant United States Attorneys Matt Cannon and Gregory Walters.