

NEWS

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Former FAA Supervisor at the William J. Hughes
Technical Center Pleads Guilty In Contract Fraud Scheme

(More)

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TRENTON – A former Federal Aviation Administration supervisor at the FAA’s William J. Hughes Technical Center pleaded guilty today in connection with a procurement fraud scheme in which he received approximately \$159,000 in corrupt payments for steering government contracts to a company headed by a former FAA employee, U.S. Attorney Christopher J. Christie announced.

Darrell Woods, 49, of Winslow Township, pleaded guilty in U.S. District Court in Trenton before Judge Garrett E. Brown, Jr., to a two-count Information, which charged him with one count each of wire fraud and money laundering. Judge Brown released Woods on \$250,000 bond pending sentencing, which is scheduled for Sept. 17.

At his plea hearing, Woods, who was employed at the FAA’s Technical Center located at the Atlantic City Airport in Galloway Township, admitted that between July 2001 and December 2004 he received a total of 19 corrupt payments that totaled approximately \$159,700, with individual payment ranging from \$4,000 to \$50,000. Woods admitted the payments were for steering numerous FAA contracts worth millions of dollars to a company headed by a contractor, who is a former FAA employee.

Woods admitted that his official duties as an FAA employee included participating in the development, testing, evaluation and deployment of computer systems by the FAA, as well as participating in contracting with private contractors for services related to those duties. Furthermore, Woods also was responsible for oversight of FAA purchase orders and contracts, including aspects of preparing FAA contract specifications, reviewing contractor proposals, overseeing performance on FAA contracts, reviewing invoices, and approving payment of FAA funds to contractors.

Woods admitted that the scheme involved steering contracts to the contractor by structuring FAA contracts in a manner that was designed to favor the contractor and avoid competition, by allowing the contractor to participate in drafting contract specifications without disclosure of such participation, and by improperly disclosing confidential FAA contract information.

Woods also admitted laundering a \$50,000 cash payment that he had received from the contractor.

“This investigation demonstrates that ensuring the integrity of the acquisition process and protecting taxpayer dollars from fraud and abuse are top priorities of both the Office of Inspector General (OIG) and the Department of Transportation (DOT),” said Ned Schwartz, DOT OIG Special Agent In Charge. “Working with our law enforcement colleagues, we will continue our efforts to promote the prevention, detection and prosecution of procurement fraud.”

“IRS Criminal Investigation has the investigators and expertise essential for following the money trail where ever it may lead,” said William Offord, Special Agent in Charge, IRS Criminal Investigation.

In October 2006, Deputy Attorney General Paul J. McNulty announced the formation of a National Procurement Fraud Task Force designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in government contracting activity for national security and other government programs. The Procurement Fraud Task force – chaired by Assistant Attorney General Alice S. Fisher for the Criminal Division – includes the United States Attorneys’ Offices, the FBI, the U.S. Inspectors General community, and a number of other federal law enforcement agencies. This case, as well as other cases brought by members of the Task Force, demonstrate the Department of Justice’s commitment to helping ensure the integrity of the government procurement process.

The wire fraud count carries a maximum penalty of 20 years in prison while the money laundering count carries a maximum of 10 years in prison. Each count carries a fine of \$250,000 or twice the loss to the victims or gain to the defendants.

In determining an actual sentence, Judge Brown will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Christie credited Special Agents of the Department of Transportation Office of Inspector General, under the direction of Special Agent In Charge Ned Schwartz in New York, and the IRS Criminal Investigations Division, under the direction of Special Agent in Charge William Offord, with the ongoing investigation.

The Government is represented by Assistant U.S. Attorney David A. Bocian, of the U.S. Attorney's Criminal Division in Trenton.

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Defense Attorney: David E. Schafer, Esq. Federal Public Defender’s Office