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Subject: Press Release - Lexington Woman Pleads Guilty to
Defrauding Department of Defense Over \$20 Million

PRESS NOTICE

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FOR IMMEDIATE RELEASE
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**LEXINGTON WOMAN PLEADS GUILTY TO DEFRAUDING
DEPARTMENT OF DEFENSE OVER \$20 MILLION**

False Billings Included \$998,000 to Ship Two Nineteen-cent Washers

Columbia, South Carolina ---- United States Attorney REGINALD I. LLOYD stated today that CHARLENE CORLEY, age 47, of Lexington, South Carolina, as well as the company in which she had partial ownership, C&D DISTRIBUTORS, LLC, pled guilty in federal court to Conspiracy to Commit Wire Fraud, a violation of Title 18, United States Code, Section 1349, and Conspiracy to Commit Money

Laundrying, a violation of Title 18, United States Code, Section 1956(h). Conspiracy to Commit Wire Fraud carries a maximum penalty of twenty years imprisonment and a \$250,000 fine. Conspiracy to Commit Money Laundrying is punishable by twenty years imprisonment and a fine of \$500,000, or twice the value of the property involved in the laundrying transactions, whichever is greater. In addition, assets and property gained through the fraud are subject to forfeiture. United States District Judge Margaret B. Seymour presided over the plea hearing, and will sentence CORLEY and C&D at a later date.

Information presented in court indicated that beginning in 1997 and continuing through September 2006, CHARLENE CORLEY and her twin sister, Darlene Wooten, owned C&D DISTRIBUTORS, LLC, a Lexington-based company that submitted electronic bids via computer to the Department of Defense to supply small hardware components, plumbing fixtures, electronic equipment, and various other items. Along with the cost of the items sold, C&D made claims for shipping costs. These shipping claims were processed automatically to streamline the resupply of items to combat troops in Iraq and Afghanistan. The fictitious shipping costs ranged into the hundreds of thousands of dollars, despite the fact that the value of the items shipped rarely exceeded \$100. In the final transaction before the scheme was discovered, in September 2006, C&D billed the Department of Defense \$998,798.38 to ship two flat washers that cost \$0.19 each. Over the course of the conspiracy, the defendants obtained approximately \$20,576,925.00 in fraudulent shipping costs. The money

was used to purchase beach houses, high-end automobiles, boats, jewelry, vacations, and other items.

Darlene Wooten committed suicide at her Lexington County lake house last October, after being contacted by federal investigators about the fraud.

Mr. Lloyd stated that the case was investigated by agents of the Defense Criminal Investigative Service and the Internal Revenue Service, Criminal Investigation and prosecuted by Assistant United States Attorneys Winston D. Holliday, Jr., and Deborah Barbier of the Columbia office.

In October 2006, former 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 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 the members of the Task Force, demonstrate the Department of Justice's commitment to helping ensure the integrity of the government procurement process.

Charles Beardall, Director of the Defense Criminal Investigative Service, stated, "The Defense Criminal Investigative Service remains steadfast in its mission to protect America's war fighters by ensuring integrity and efficiency in

the procurement process. The greed of this Defense contractor diverted critical funds from the needs of our military men and women who are fighting the Global War on Terror. This guilty plea and the significant forfeiture of the defendants' assets send a strong message to those who attempt to defraud the Department of Defense."

Charles E. Hunter, Special Agent in Charge, IRS-Criminal Investigation stated, "Corporate fraud has touched the lives of many citizens. IRS-CI is serious about holding corporations and their executives accountable."

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