



U. S. Department of Justice

*United States Attorney
Middle District of Georgia*

*Post Office Box 1702
Macon, Georgia 31202*

*Phone: 478-752-3511
Fax: 478-621-2604*

**FOR IMMEDIATE RELEASE
APRIL 21, 2008**

**CONTACT: SUE MCKINNEY
478-621-2602**

**PYROTECHNIC SPECIALTIES, INC.
PRESS RELEASE**

Macon: Maxwell Wood, the United States Attorney for the Middle District of Georgia, announced today that on Thursday, April 17, 2008, a federal grand jury sitting in the Middle District of Georgia returned a true bill of indictment charging David J. Karlson, CEO of Pyrotechnic Specialties, Inc., as well as the company, with conspiracy to commit mail fraud, wire fraud and to defraud the government (18 U.S.C. § 371), conspiracy to commit money laundering (18 U.S.C. § 1956(h)), conspiracy to defraud the government with respect to claims (18 U.S.C. § 286), seven (7) counts of false claims against the government (18 U.S.C. § 287), three (3) counts of mail fraud (18 U.S.C. § 1341), one (1) count of false statements (18 U.S.C. § 1001(a)(2)) and a single count of money laundering (18 U.S.C. § 1957).

Also charged in the indictment were F. Brad Swann, the sales representative for Pyrotechnic Specialties, Inc., and Daniel Ramone, the production manager for the company. Swann and Ramone were charged in all of the counts except for the false statements count (18 U.S.C. § 1001(a)(2)). In addition, Glenn D. Cundiff, a retired engineering technician from the Naval Surface Warfare Center at Crane, Indiana was charged in the conspiracy count (18 U.S.C. § 371).

Attached hereto, please find a copy of the indictment. Please be aware an indictment is merely a formal charge against a defendant. An indictment is never evidence of guilt. A defendant is presumed innocent unless or until proven guilty in a court of law.

The possible statutory penalties in the present indictment are as follows, to-wit:

Count One – Conspiracy (18 U.S.C. § 371): 5 years imprisonment/3 years supervised release/\$250,000 fine/\$100 assessment fee (for corporation, 5 years probation/ \$500,000 fine/ \$400 assessment fee)

Count Two – Money Laundering Conspiracy (18 U.S.C. § 1956(h)): 20 years imprisonment/3 years supervised release/\$500,000 fine/\$100 assessment fee probation (for corporation, 5 years probation/\$500,000 fine/\$400 assessment fee)

Count Three --Conspiracy to Defraud the Government with respect to a Claim (18 U.S.C. § 286): 10 years imprisonment/3 years supervised release/\$250,000 fine/\$100 assessment fee (for corporation, 5 years probation/\$500,000 fine/\$400 assessment fee)

Counts Four through Ten – False Claims against the Government (18 U.S.C. § 287): 5 years imprisonment/3 years supervised release/\$250,000 fine/\$100 assessment fee probation (for corporation, 5 years probation/\$500,000 fine/\$400 assessment fee)

Counts Eleven, Fourteen and Fifteen – Mail Fraud (18 U.S.C. § 1341): 20 years imprisonment/3 years supervised release/\$250,000 fine/\$100 assessment fee probation (for corporation, 5 years probation/\$500,000 fine/\$400 assessment fee)

Count Twelve – False Statements (18 U.S.C. § 1001(a)(2)): 5 years imprisonment/3 years supervised release/\$250,000 fine/\$100 assessment fee probation (for corporation, 5 years probation/\$500,000 fine/\$400 assessment fee)

Count Thirteen – Money Laundering (18 U.S.C. § 1957): 10 years imprisonment/3 years supervised release/\$250,000 fine/\$100 assessment fee probation (for corporation, 5 years probation/\$500,000 fine/\$400 assessment fee)

A number of law enforcement agencies are involved in the present investigation. In addition to the Federal Bureau of Investigation, other law enforcement agencies include: Naval Criminal Investigative Service, Army-Criminal Investigation Command, Defense Criminal Investigative Service, Bureau of Alcohol, Tobacco, Firearms and Explosives, Internal Revenue Service-Criminal Investigation, and Environmental Protection Agency-Criminal Investigation Division. The Defense Contract Audit Agency assisted. Assistant United States Attorney Harry J. Fox, Jr., has been assigned to this matter.

Any questions concerning this matter should be addressed to Sue McKinney, Public Affairs Specialist, United States Attorney's Office, at 478-621-2602.

APPROVED FOR RELEASE



**MAXWELL WOOD
UNITED STATES ATTORNEY**