



Department of Justice

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FAA CONTRACTING OFFICER INDICTED IN PROCUREMENT FRAUD CONSPIRACY

Seattle- Robert Ferrell, 47, of Renton, Washington, was indicted by a federal grand jury today in connection with a conspiracy to steer a government construction contract in violation of federal procurement laws. The case involves the Federal Aviation Administration's ("FAA") award of a \$4.3 million contract to install lighting at Sea-Tac Airport. Ferrell is charged with Conspiracy, three counts of Procurement Fraud, and three counts of Making False Statements to the FAA and Concealing Material facts from the FAA. Ferrell is still employed by the FAA. He is scheduled to be arraigned on the charges next week.

Ferrell's co-conspirator, Vicki Lynn Olson, 51, of Kent, Washington pleaded guilty in U.S. District Court in Seattle on February 20, 2007, to Conspiracy and Procurement Fraud in connection with the case. OLSON faces up to 10 years in prison and a \$250,000 fine when sentenced by U.S. District Judge Marsha Pechman on May 18, 2007. Olson remains an employee of the FAA.

"When government employees provide an unfair competitive advantage to any contractor, the fairness and integrity of the competitive bidding system is undermined, and all taxpayers suffer," said U.S. Attorney Jeffrey C. Sullivan. "If competitive bidders think 'the fix is in,' we don't get the best deal. Criminal violations of procurement law will be aggressively prosecuted."

According to the indictment filed in the case, Ferrell was employed by the FAA as a contracting officer in Renton, Washington. As a contracting officer, Ferrell was responsible for awarding procurement contracts on behalf of the FAA. In the process of awarding the \$4.3 million contract for high intensity lighting at Sea-Tac airport, Olson and Ferrell removed the original contracting officer from the project, installed Ferrell as the new contracting officer and invited one of the bidders, PCL, to revise its bid. Ferrell notified PCL that it was not the low bidder, and that it needed to lower its bid by \$55,000 to get the contract. The other bidder was not given the chance to revise its bid. PCL revised its bid and was named the successful bidder, beating the other bid by \$4,300.

An indictment contains allegations that have not been proven at trial beyond a reasonable doubt.

PCL has acknowledged that it received and used confidential information from the FAA which gave it an unwarranted competitive advantage over the other bidder, and, in fact, resulted

in PCL being awarded the ALSF Contract. PCL has agreed to a civil settlement including the payment of \$1 million and the payment of restitution to the other bidder. PCL has also disciplined the employees who were involved in receiving and using the confidential information. Additionally, PCL has cooperated with Federal investigators and prosecutors during this investigation and has promised to continue to fully cooperate with the investigation. PCL has also agreed to implement a Code of Conduct and a corporate compliance program and associated training to ensure that all PCL employees understand the company's policies and legal obligations when entering into contracts with the United States. The corporation will not face criminal charges.

This case is being prosecuted as part of the Procurement Fraud Task Force at the United States Attorney's Office. The recently formed task force is comprised of officers and agents from over 20 agencies. The task force will investigate allegations of fraud and abuse in government contracting in order to safeguard taxpayer dollars.

This local task force is the result of the National Procurement Fraud Initiative announced by Deputy Attorney General Paul J. McNulty in October, 2006, and is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs. As part of this initiative, the Deputy Attorney General has created the National Procurement Fraud Task Force, which is chaired by Assistant Attorney General Alice S. Fisher. The Procurement Fraud Task Force includes the United States Attorney's Offices, the FBI, the U.S. Inspectors General Community, and a number of other law enforcement agencies. This case, as well as others brought by members of the Task Force, demonstrate the Department of Justice's commitment to helping ensure the integrity of the government procurement process.

This case was investigated by the Office of Inspector General, Department of Transportation, the Federal Bureau of Investigation and the Internal Revenue Service. The case is being prosecuted by Assistant United States Attorneys Carl Blackstone and Peter Winn.

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