

SEALED DOCUMENT PURSUANT TO E-GOVERNMENT ACT OF 2002

SEALED

United States District Court Western District of Texas

Filed 7-23-07 Clerk, U. S. District Court Western District of Texas By [Signature] Deputy

UNITED STATES OF AMERICA

CRIMINAL COMPLAINT

VS.

Case No. SA-07-492M

JOHN COCKERHAM 554 Graham Road Fort Sam Houston, Texas 78234

I, the undersigned complainant, being duly sworn, state the following is true and correct to the best of my knowledge and belief.

Count One: In or about 2005 and 2006 in the Western District of Texas and elsewhere, Defendant John Cockerham, being a public official of the United States, corruptly did demand, seek, receive, and accept a thing of value, personally and for other persons in return for being influenced in the performance of an official act and being influenced to commit and aid in committing, colluding, and allowing a fraud on the United States in violation of Title 18, United States Code, Section 201(b)(2);

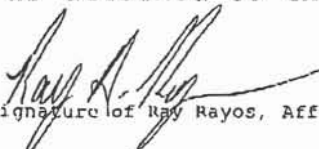
Count Two: In or about 2005 and 2006 in the Western District of Texas and elsewhere, Defendant John Cockerham did knowingly conspire, confederate and agree with other persons known and unknown to commit offenses against the United States, that is, to directly and indirectly, corruptly demand, seek, receive, accept, and agree to receive and accept things of value, that is, cash, from government contractors in return for being influenced in the performance of official acts; and willfully did conspire and agree with others to defraud the United States and the U.S. Army by hindering and impeding the lawful functions of the U.S. Army in the procurement of goods and services and in furtherance of the conspiracy and to effect the objects and purposes thereof the Defendant did perform overt acts, including, but not limited to the Defendant's preparation in 2005 of a handwritten ledger to keep track of millions of dollars in bribe payments accepted by the Defendant, all in violation of Title 18, United States Code, Section 371;

Count Three: In or about 2005 and 2006 in the Western District of Texas and elsewhere, Defendant John Cockerham willfully did conspire and agree with others to conduct financial transactions which in fact involved the proceeds of specified unlawful activity, that is, the Acceptance Of Bribes By A Public Official in violation of Title 18 U.S.C. 201(b)(2), while knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, and while knowing that the property involved in such financial transactions

By [Signature] Deputy Clerk, U. S. District Court I certify.

represented the proceeds of some form of unlawful activity, and in furtherance of the conspiracy and to effect the objects and purposes thereof, the Defendant did perform overt acts, including, but not limited to the Defendant's direction to his wife in 2005 to travel to Dubai with another woman for the purpose of placing currency in a safe deposit box, all in violation of Title 18, United States Code, Section 1956(h).

I further state that I am a Special Agent of the U.S. Army Criminal Investigation Division and that this complaint is based on the facts set forth in the "Affidavit In Support Of Warrants To Arrest and To Search" which is attached to this complaint and incorporated for all purposes.


Signature of Ray Rayos, Affiant

Sworn to before me and subscribed in my presence,

July 21, 2007 at San Antonio, Texas
Date

Signature of U.S. Magistrate Judge


Pamela A. Mathy, U.S. Magistrate Judge
Name & Title of Judicial Officer

SAQ106 (Rev. 12/03) Affidavit for Search Warrant

SEALED DOCUMENT PURSUANT TO E-GOVERNMENT ACT OF 2002

SEALED

UNITED STATES DISTRICT COURT

Western

DISTRICT OF

Texas

In the Matter of the Search of (Name, address or brief description of person, property or premises to be searched)

554 Graham Road Fort Sam Houston Army Post San Antonio, TX 78234

APPLICATION AND AFFIDAVIT FOR SEARCH WARRANT

Case Number: SA-07-489M

I, Ray A. Rayos being duly sworn depose and say:

I am a(n) Special Agent, US Army Criminal Investigation Command and have reason to believe Official Title

that on the person of or on the property or premises known as (name, description and/or location) 554 Graham Road, Fort Sam Houston Army Post, San Antonio, TX 78234, more fully described in Attachment A

in the Western District of Texas

there is now concealed a certain person or property, namely (describe the person or property to be seized) See Attachment B

which is (state one or more bases for search and seizure set forth under Rule 41(b) of the Federal Rules of Criminal Procedure) fruits, evidence, and instrumentalities of crimes against the United States

concerning a violation of Title 18 United States code, Section(s) 201, 371 and 1956(h)

The facts to support a finding of probable cause are as follows: See Attached Affidavit

A true copy of the original, I certify, Clerk, U. S. District Court

By [Signature] Deputy

Continued on the attached sheet and made a part hereof:

Yes No

[Signature] Signature of Affiant

Sworn to before me and subscribed in my presence,

JULY 21, 2007 at 3:50 p.m. Date

at San Antonio Texas City State

Pamela A. Mathy U.S. Magistrate Name of Judge Title of Judge

[Signature] Signature of Judge

AFFIDAVIT IN SUPPORT OF WARRANTS TO ARREST AND TO SEARCH

I, Ray A. Rayos, the undersigned Affiant, being first duly sworn hereby state as follows:

I. AFFIANT

1. I have been a Special Agent with the U.S. Army ("Army"), Criminal Investigation Division ("CID"), Major Procurement Fraud Unit for 6 years. Prior to becoming a civilian agent, I was an active duty CID agent. As a CID Special Agent, I investigate allegations of fraud, waste and abuse related to Army contracting. During my tenure as a Special Agent, I have been involved in investigations related to fraud, bribery, and money laundering and I am familiar with the types of behavior individuals utilize when they have defrauded the government or have accepted bribe payments from contractors in exchange for awarding contracts or taking other official action on behalf of the Army.

II. INTRODUCTION

2. Special Agents with Army CID, the Defense Criminal Investigative Service ("DCIS"); the Department of Homeland Security ("DHS"), Immigration and Customs Enforcement ("ICE"); the Federal Bureau of Investigation ("FBI"); the Internal Revenue Service, Criminal Investigations Division ("IRS"); and the Special Inspector General for Iraqi Reconstruction ("SIGIR"), in conjunction with the United States Department of Justice, Antitrust and Criminal Divisions ("DOJ") are conducting an investigation into U.S. military employees who participated in the rigging of DoD contracts in Kuwait and Iraq in return for U.S. and Kuwaiti companies paying these officials bribes during their deployment to Iraq and Kuwait and thereafter. As described more fully below, I have probable cause to believe that John Cockerham ("J. COCKERHAM"), a Major in the United States Army, accepted cash from contractors in Kuwait in return for awarding contracts to

them and that J. COCKERHAM, his wife Melissa Cockerham ("M. COCKERHAM"), and [REDACTED] [REDACTED] laundered millions of dollars in illegal bribe proceeds that J. COCKERHAM was given, resulting in violations of 18 U.S.C. § 201 (bribery), 18 U.S.C. § 371 (fraud against the United States and conspiracy); and 18 U.S.C. § 1956(h) (money laundering conspiracy). I also have probable cause to believe that fruits, instrumentalities, and evidence of this conduct will be located at 554 Graham Road, Fort Sam Houston, San Antonio, Texas, 78234 (the "SUBJECT PROPERTY").

3. The information contained in this affidavit is based on my personal knowledge and observations accumulated during the course of this investigation; on information I obtained during interviews; on information conveyed to me by other law enforcement personnel; on my review of documents and interview reports; and on physical evidence. The affidavit is submitted for the limited purpose of establishing probable cause in support of this application for arrest and search warrants, and thus, it does not contain every fact known by me or the United States.

III. BACKGROUND

4. J. COCKERHAM was commissioned into the United States Army in 1993; his current military rank is Major. J. COCKERHAM has held various acquisition and contracting positions and completed numerous military assignments and formal courses specializing in the field of government procurement and acquisition. In or about 2004, J. COCKERHAM received an advanced degree in procurement and acquisition management. At various times between November 2000 and December 2005, J. COCKERHAM served in numerous acquisition and procurement positions in Kuwait, including as a contracting officer with a \$10 million warrant.

Kuwait. The ACA was later transferred to Camp Arifjan and, as a result, J. COCKERHAM was transferred back to Camp Arifjan until he left Kuwait. Camp Arifjan and Camp Doha are both located just outside of Kuwait City, Kuwait.

7. On or about December 20, 2005, J. COCKERHAM returned to the United States and was stationed at Fort Sam Houston, ACA (US Army South), where he worked as a contracting officer. From August 2006 until December 2006, J. COCKERHAM was on a temporary duty assignment to the Naval Military Base at Guantanamo Bay, Cuba. As of

December 2006, however, J. COCKERHAM returned to Fort Sam Houston and is currently residing with his wife at the SUBJECT PROPERTY.

8. In December 2006, incident to the search of their previous residence, agents interviewed M. COCKERHAM and J. COCKERHAM. During her interview by federal agents, M. COCKERHAM admitted that she received over \$1 million on behalf of J. COCKERHAM and placed the money in safe deposit boxes in Kuwait and Dubai. During a separate interview by federal agents, J. COCKERHAM admitted that he arranged for M. COCKERHAM to receive this money as bribe payments from military contractors in exchange for military contracts. During the search of the residence, however, federal agents uncovered evidence, including financial records and other documents, that J. COCKERHAM, in fact, received significantly more money in bribe payments from many more contractors than he admitted in December 2006. This evidence indicated that in addition to M. COCKERHAM, money was received on J. COCKERHAM's behalf by [REDACTED] Person A, an employee of one military contractor, and Person B, a personal friend of J. COCKERHAM's.

IV. PROBABLE CAUSE THAT J. COCKERHAM, M. COCKERHAM, and [REDACTED] COMMITTED A CRIME

9. On December 21, 2006, federal agents from Army CID and DCIS executed a federal search warrant on the COCKERHAM's previous residence at 550 Graham Road. During the search, various financial documents, address books, communications, ledgers, and corporate documents were seized as evidence. On the day of the search, and the following day, J. COCKERHAM gave voluntary statements to federal agents, wherein he admitted that his wife, M. COCKERHAM, received money from two contractors' representatives on his behalf and that

M. COCKERHAM placed this money in safe deposit boxes. J. COCKERHAM admitted that the money came from contractors who had contracts with the DoD managed by J. COCKERHAM. J. COCKERHAM also admitted that he knew at the time he received the money that it was wrong to accept money from military contractors.

10. During the search, agents discovered and seized a handwritten ledger believed to have been created by J. COCKERHAM. The ledger detailed money J. COCKERHAM received and the money he anticipated receiving from various contractors. For each separate payment, the ledger listed the amount, the source of the payment, and who received it on J. COCKERHAM's behalf. According to the ledger, M. COCKERHAM received \$2.1 million from four contractors, and [REDACTED]

[REDACTED] In total, the ledger records that J. COCKERHAM received \$9.6 million in bribe payments from at least eight contractors and anticipated receiving \$5.4 million more. The ledger listed six associates of J. COCKERHAM's, including M. COCKERHAM, [REDACTED] Person A, and Person B, who received money on his behalf. Information contained in the ledger has been corroborated by witness statements, financial documents, and other records uncovered in the December 2006 search.

11. According to J. COCKERHAM's ledger, two bribe payors used the same associate, Person A, to convey monies to J. COCKERHAM totaling \$1 million. During the search of J. COCKERHAM's home, agents discovered a receipt from the Jordan National Bank, Jabl al-Hussein Branch, documenting a May 23, 2005, deposit of \$240,000 in U.S. hundred dollar bills into a safe deposit box in the name of Person A. In addition, a bank account

containing approximately \$175,000 at the Bank of America in the name of Person A was seized by the United States on or about February 20, 2007. J. COCKERHAM's ledger documented that two bribe payors used another J. COCKERHAM associate, Person B, to convey \$1.5 million to J. COCKERHAM.

12. A review of J. COCKERHAM's contracting work for ACA in Kuwait confirmed that he, in fact, directly awarded and took part in the award of contracts to those contractors from whom the ledger indicated he received bribe payments.

13. During her interview by federal agents in December 2006, M. COCKERHAM admitted that she traveled to Kuwait to visit her husband on two occasions. While in Kuwait during the first trip, which M. COCKERHAM placed in approximately 2004, J. COCKERHAM called M. COCKERHAM and told her that an individual was going to pick her up at her hotel in Kuwait so that she could open a bank account and a safe deposit box. Shortly thereafter, that individual arrived at M. COCKERHAM's hotel and took her to the Commercial Bank of Kuwait, where M. COCKERHAM opened a bank account and a safe deposit box. According to M. COCKERHAM, that individual picked M. COCKERHAM up at her hotel the following day and gave her a bag containing approximately \$800,000 in Kuwaiti and U.S. currency. He then took her to the Commercial Bank of Kuwait where she placed the money into the safe deposit box.

14. In his interview by federal agents, J. COCKERHAM confirmed that he arranged for this individual, a representative of a military contractor to whom J. COCKERHAM awarded contracts, to give U.S. and foreign currency to M. COCKERHAM. J. COCKERHAM stated that he believed that the money totaled \$800,000 and that the cash remained in a safe deposit box in Dubai. J. COCKERHAM's ledger listed M. COCKERHAM as having received \$300,000 from

this individual; listed \$900,000 as having been received in total by M. COCKERHAM, [REDACTED] and Person A on J. COCKERHAM's behalf; and noted that J. COCKERHAM anticipated receiving \$300,000 more.

15. In her interview in December 2006, M. COCKERHAM stated that she, her children, and her sister visited J. COCKERHAM in Kuwait on another occasion in 2005. During this trip, M. COCKERHAM left the children with her sister in Kuwait and traveled to Dubai with a woman to whom she was introduced by J. COCKERHAM. According to M. COCKERHAM, this woman assisted M. COCKERHAM in starting a business in Dubai, "Worldwide Trading." While in Dubai, M. COCKERHAM stated that this woman gave M. COCKERHAM a retail-type bag that contained approximately \$500,000 in Emirati and United States currency and took M. COCKERHAM to a bank in Dubai where M. COCKERHAM opened a safe deposit box and deposited the money. M. COCKERHAM explained that J. COCKERHAM made the arrangements for her meetings with these individuals and stated that she did not want to ask her husband "too many questions."

16. J. COCKERHAM acknowledged in his interview that the woman who accompanied M. COCKERHAM to Dubai represented a U.S. government contractor, and that he believed she was the sister of the president of this company. J. COCKERHAM stated that this woman made two cash payments, in U.S. and Kuwaiti currency, to M. COCKERHAM, totaling approximately \$300,000. J. COCKERHAM recalled that M. COCKERHAM placed the money in a safe deposit box in Kuwait. J. COCKERHAM admitted that he understood this U.S. government contractor expected to receive government contracts in return for the money provided to M. COCKERHAM on J. COCKERHAM's behalf.

17. J. COCKERHAM's ledger partially corroborates his and M. COCKERHAM's statements regarding this trip by M. COCKERHAM to Dubai. According to the ledger, J. COCKERHAM received from this U.S. government contractor money totaling \$1.7 million, \$1 million of which was received through M. COCKERHAM. During his interview in December 2006, J. COCKERHAM admitted that this U.S. government contractor performed work on acquisitions that he managed while he was stationed in Kuwait.

18. During the December 2006 search, agents found three pages of handwritten notes regarding the receipt and transfer of money, in handwriting believed to be M. COCKERHAM's. One page contained notes about a United Arab Emirates address with notations: "US dollars, dirhams, accounts" and "safe deposit box." The note also stated, "6,000 dirhams," "5,000 US dollars," "less \$19,000" followed by the notation, "deposited September 8, 2005." A second page of notes indicated that \$500,000, packaged in separately identified packages, was transported by M. COCKERHAM on or about September 10, 2005, as follows:

\$US	200,000	yellow DHL bag
	200,000	#1 bag purple + white
	100,000	1eltg[sic] white color
<hr/>		
Dirhans	1,000,000	2 white bags esse blue
	5000 + 50,000 = \$55,000 \$US carried w/me	
<hr/>		

The third page of notes, dated September 10, 2005, indicated steps M. COCKERHAM took to open an account with the Abu Dhabi Commercial Bank ("ADCB") and obtain a safe deposit box

at Union National Bank. This page also has a note with the address for "Worldwide International Trading Co." The dates on these pages correspond with dates during which M. COCKERHAM traveled to the Middle East.

19. During her interview in December 2006, M. COCKERHAM stated that in August 2006, she traveled to Dubai to attend to her business, Worldwide Trading. She also stated that she paid the fee for an additional year to maintain the safe deposit box she had opened in 2005. On or about December 21, 2006, M. COCKERHAM voluntarily provided agents with the keys she identified as belonging to the safe deposit boxes in Kuwait and Dubai.

20 

25. During the December 2006 search of J. COCKERHAM's previous residence, agents seized numerous documents related to the laundering of money. For example, documents found during the search related to the establishment of offshore bank accounts, including: multiple pages comparing the benefits of various offshore banking havens; account application documents from the First Caribbean International Bank (Cayman) in the name of John Cockerham; a letter from First Caribbean dated June 14, 2005, memorializing a visit by Person B; account opening information from Butterfield Bank, Grand Cayman; account opening

confirmation documents in the name of M. COCKERHAM at First Curaçao International Bank, N.V.; fifteen pages of Internet research into the advantages of offshore accounts in Barbados; four pages on the anti-money laundering statutes enacted by the Cayman Islands; and information about several companies' commercial products aimed at safeguarding offshore assets, including "Bulletproof Asset Protection," and the Equity Development Group. Agents also seized a handwritten note reflecting J. COCKERHAM's interest in two books: "Crime and Secrecy: The Use of Offshore Banks and Companies," and "Offshore Haven Banks, Trusts, and Companies: The Business of Crime in the Euromarket" by Richard Blum. A second handwritten page contained notes on how to purchase property through a friend in order to protect the identity of the true owner.

V. PROBABLE CAUSE THAT EVIDENCE IS LOCATED AT THE PREMISES TO BE SEARCHED

26. The SUBJECT PROPERTY, 554 Graham Road, Fort Sam Houston, San Antonio, Texas, 78234, is J. COCKERHAM's and M. COCKERHAM's residential address. Federal agents confirmed through the Fort Sam Houston housing office that J. COCKERHAM and M. COCKERHAM currently reside at the address. Based upon my training, experience, and participation in this investigation, and based upon admissions by J. COCKERHAM during his December 2006 statement, I believe that evidence of violations of 18 U.S.C. § 201 (bribery), 18 U.S.C. § 371 (fraud against the United States and conspiracy); and 18 U.S.C. § 1956(h) (money laundering conspiracy) will be found at the SUBJECT PROPERTY.

27. From on or about April 20, 2004, until on or about June 26, 2007, J. COCKERHAM and M. COCKERHAM resided two doors down Graham Road from the SUBJECT PROPERTY at

550 Graham Road, Fort Sam Houston, San Antonio, Texas. Federal agents searched this previous residence on or about December 21, 2006. Their previous residence is currently undergoing renovations and has been emptied of their household goods. On or about June 26, 2007, J. COCKERHAM and M. COCKERHAM moved, along with their household goods, to the SUBJECT PROPERTY, a newly renovated unit at Fort Sam Houston. Based on my experience, I believe J. COCKERHAM and M. COCKERHAM are likely to have moved all of their household goods and possessions to the SUBJECT PROPERTY when they moved in or around June 2007.

28. Based on the voluminous information on offshore bank accounts, money laundering, and asset protection services found in their residence in December 2006, it is likely that subsequent to the December 2006 search, J. COCKERHAM and M. COCKERHAM continued to arrange for the concealment of bribe proceeds. Additional records concerning these topics as well as records of additional financial transactions may be maintained within the SUBJECT PROPERTY. Based upon my training, experience, and participation in this and similar investigations, I believe that J. COCKERHAM may also have made arrangements for bribe proceeds, in the form of cash or otherwise, to be mailed, converted, or otherwise made accessible to him at his previous residence, at the SUBJECT PROPERTY, or elsewhere, and records of such mailings or transactions are likely to be found at the SUBJECT PROPERTY.

29. Based upon my training, experience and participation in other financial investigations involving large amounts of funds derived from criminal activity, and based upon conversations with members of the law enforcement community who have also investigated such crimes, I know that criminals often attempt to legitimize or "launder" the proceeds of their criminal activity. To accomplish this goal, criminals use domestic and foreign banks and their attendant services,


securities, cashiers' checks, safe deposit boxes, real estate, shell corporations, and business fronts. Records of such corporations and fronts identified during the search of J. COCKERHAM's previous residence, such as D & J Trading, Abdullah American Trading, Worldwide International Trading, and Triad United are likely to be found at the SUBJECT PROPERTY. In addition, evidence of their attempts to legitimize or "launder" the proceeds, such as bank records, brokerage accounts, securities, and other similar types of records, is commonly secreted at their residences. Based on my experience, I believe evidence of this type may be found at the SUBJECT PROPERTY, including current statements of accounts that J. COCKERHAM or M. COCKERHAM may hold at ADCB, the Commercial Bank of Kuwait, the Netherlands Bank, the Sharjah Islamic Bank, and the Union National Bank in Dubai.

30. Based on property records, including those of a parcel in downtown San Antonio purchased in or about 2006 and handwritten notes suggesting methods to launder money through the purchase of real property which were recovered from the search of the previous residence, I believe it is likely that records of such real property, including insurance payments, mortgage payments, and closing documents may be contained within the SUBJECT PROPERTY.

31. Based on my training and experience as well as the telephone numbers of contractors from whom J. COCKERHAM received bribe money found at his previous residence, I believe it is likely that J. COCKERHAM made telephone calls to conspirators after the search of his previous residence in December 2006, records of which are likely to be found at the SUBJECT PROPERTY.

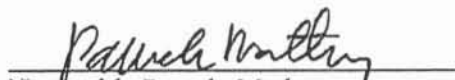
VI CONCLUSION

32. I believe that there is probable cause that J. COCKERHAM has committed bribery and that J. COCKERHAM, M. COCKERHAM [REDACTED] have committed conspiracy and money laundering conspiracy, and that the evidence, contraband, fruits and instrumentalities, and property, designed and intended to be used to commit the violations listed herein, are present at 554 Graham Road, Fort Sam Houston, Texas, 78234, as described in Attachment A, including the items listed in Attachment B. Accordingly, I respectfully request warrants to arrest J. COCKERHAM, M. COCKERHAM [REDACTED] and a warrant to search the premises described in Attachment A (Premises to Be Searched) and to seize the items described in Attachment B (Items To Be Seized).



 Ray A. Rayos
 Resident Agent in Charge
 Army Criminal Investigation Division

SWORN TO AND SUBSCRIBED BEFORE ME THIS 21st DAY OF JULY, 2007.



 Honorable Pamela Mathy
 United States Magistrate Judge
 San Antonio, Texas

Attachment A – Premises to Be Searched

554 Graham Road, Fort Sam Houston, Texas 78234. This location is a two-story single-family residential dwelling of standard commercial construction located on the east side of the 500 block of Graham Road, between Schofield Road (south) and Harney Road (north). The residence is identified by the numbers "554" attached on the lower right exterior near the entrance. The exterior of the house appears to be constructed of white stucco with reddish cement roofing tile. The primary entrance is located on the west face of the house and a rear entrance is located on the east face of the house.

There is a detached garage of same construction on the east end of the residence, believed to be shared with an adjacent neighbor (552 Graham). The garage can be accessed from a roll-up entrance door located on the east face of the building, with entrance from an east-end paved alley way; and an entrance door located on the west end of the garage. There is a lock on the roll-up door of the garage.

8. Telephone calling cards.

As used above in paragraphs 1-8, the terms records, documents, programs, documentation, applications, or materials includes records, documents, programs, applications, or materials created, modified, or stored in any form, including any optical, electrical, electronic, or magnetic form (such as any information on an optical, electrical, electronic, or magnetic storage device), including floppy disks, hard disks, ZIP disks, CD-ROMs, optical disks, backup tapes, printer buffers or other device memory buffers, smart cards, memory calculators, pagers, cellular telephones, personal digital assistants such as Palm Pilots hand-held computers, email servers, as well as opened and unopened email messages and any printouts or readouts from any optical, electrical, electronic, or magnetic storage device; any handmade form (such as writing, drawing, or painting); any mechanical form (such as printing or typing); any photographic form (such as microfilm, microfiche, prints, slides, negatives, videotapes, motion pictures, or photocopies); or any voice form (including answering machine tapes and opened and unopened voicemail messages).

9. Items relating to computers, including:

- a. images of computers;
- b. computers, storage devices and related equipment capable of being used to commit, further or store evidence of the offenses listed above, including programs and data on those computers or devices;
- c. computer equipment used to facilitate the transmission, creation, display, encoding or storage of data, including word processing equipment, modems, docking stations, monitors, CD burners, printers, plotters, encryption devices and