

**IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF FLORIDA
PENSACOLA DIVISION**

UNITED STATES OF AMERICA

v.

**MICHAEL ALLEN BRAUN
and
CODY BOONE COVERT**

**SEALED
INDICTMENT**

3:16 cr 88/MCR

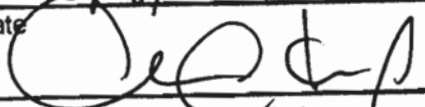
THE GRAND JURY CHARGES:

COUNT ONE

A. INTRODUCTION

At all times material to this Indictment:

1. The United States Air Force (USAF) was a military service of the United States and an agency of the United States Department of Defense. The USAF contracted with vendors to perform services for and provide materials to the USAF.
2. The process through which the federal government of the United States acquired goods and services through the public sector was governed by the Federal Acquisition Regulation (FAR). The FAR was codified in Title 48 of the United States Code of Federal Regulations, Section 1.000, *et. seq.* The purpose of

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| Returned in open court pursuant to Rule 6(f) | |
| Date | 10/18/2016 |
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| United States Magistrate Judge | |

the FAR was to provide “uniform policies and procedures for acquisition” (48 C.F.R. § 1.101) and to ensure that the business of acquisitions by the United States Government (USG) is conducted “in a manner above reproach and, except as authorized by statute or regulation, with complete impartiality and with preferential treatment for none” (48 C.F.R. § 3.101). The FAR consisted of sets of regulations to govern the acquisition process comprised of three main phases: (1) USG need recognition and acquisition planning, (2) contract formation, and (3) contract administration. The FAR and the Defense Federal Acquisition Regulation Supplement (DFARS), were recognized as having “the force and effect of law.”

3. The FAR and DFARS regulated the relationship between USG personnel, or persons acting on behalf of the USG and contractors. The FAR and DFARS also regulated the release of “public” information related to a potential government contract: what can be released, who can release it, and when it can be released. In addition to the policies and procedures established in the FAR, government employees and contractors doing business with the government remained subject to applicable law as written in the United States Code.

4. Wide Area Work Flow (WAWF) was the government web-based system the USAF used to electronically process vendor payment requests and to receive reports for products and services via electronic communications transmitted in interstate commerce, as authorized by DFARS.

5. **MICHAEL ALLEN BRAUN** was a former United States Marine Corps officer and was a contractor with the Department of Defense, including the USAF, since November 2013.

6. **MICHAEL ALLEN BRAUN** was the owner of Trans Global Storage Systems, Inc. (Trans Global), which was incorporated on June 9, 2008, in the state of Minnesota. Trans Global contracted with the USAF to provide goods and services to the USAF.

7. ELO Engineering, Inc. (ELO), located in Fridley, Minnesota, provided comprehensive sheet metal fabrication and design services for Trans Global.

8. **CODY BOONE COVERT** was an active duty military member with the USAF since January 9, 1997. Between in or about January 2014, and in or about September 2015, **COVERT** was a maintenance supervisor, whose duties and responsibilities included, among others, procuring goods and services to enhance his squadron's mission capabilities, while complying with the FAR and DFARS.

9. In or about September 2013, the commander of the 901st Special Operations Aircraft Maintenance Squadron requested action be taken, by various means, to decrease the time needed to inspect C-130 aircrafts. The proposed action included the efficient storage of aircraft parts and panels.

10. **CODY BOONE COVERT** served as the technical evaluator for the commander's requisition request, and submitted his technical opinions as to the accuracy and acceptability of submitted proposals to the USAF group resource advisor, who would then submit the evaluation to the USAF contracting administrator for final contract selection and payment.

B. THE CHARGE

Between on or about January 1, 2014, and on or about August, 27, 2015, in the Northern District of Florida and elsewhere, the defendants,

**MICHAEL ALLEN BRAUN
and
CODY BOONE COVERT,**

did knowingly and willfully combine, conspire, confederate, and agree together and with others to commit an offense against the United States, namely, to knowingly and willfully devise and intend to devise a scheme to defraud and to deprive the United States Air Force and the citizens of the United States of their right to the honest services of a public official, through bribery, kick-backs, and the concealment of material information, and to cause a wire communication to be transmitted in interstate commerce for the purpose of executing such scheme, in violation of Title 18, United States Code, Sections 1343 and 1346.

C. MANNER AND MEANS OF CONSPIRACY

The manner and means by which this conspiracy was committed included the following:

1. The conspirators agreed to obtain a USAF contract to build and provide aircraft panel storage carts (Storage Cart Contract) by using the insider knowledge, expertise, and access of **CODY BOONE COVERT**.
2. **CODY BOONE COVERT** and **MICHAEL ALLEN BRAUN** met multiple times to discuss and create the government's design and specifications for C-130 panel storage carts.
3. **CODY BOONE COVERT** and **MICHAEL ALLEN BRAUN** agreed to share the proceeds from the anticipated Storage Cart Contract.
4. The conspirators memorialized their agreement in a written "Royalty Agreement," dated April 10, 2014. The Royalty Agreement stated that **CODY BOONE COVERT's** wife, J.C., owned property identified as a "C130 panel rack system," and that J.C. granted the use of that property to **MICHAEL ALLEN BRAUN**, doing business as Trans Global.
5. The Royalty Agreement provided that J.C. would receive 45% of the net proceeds from Trans Global's use of the property and that **MICHAEL ALLEN BRAUN** would pay J.C. \$500 upon the execution of the Royalty Agreement.

6. On or about April 14, 2014, **CODY BOONE COVERT** deposited into his personal checking account a \$500 check, which was payable to **COVERT**, was drawn on Trans Global's U.S. Bank account, and was signed by **MICHAEL ALLEN BRAUN**.

7. On or about June 18, 2014, Airrack LLC was incorporated and J.C. was identified as the sole manager thereof.

8. In or about June 2014, **MICHAEL ALLEN BRAUN** e-mailed a series of "proposals" to **CODY BOONE COVERT** detailing prices and costs of aircraft panel storage carts and their installation.

9. In or about July 2014, **MICHAEL ALLEN BRAUN** e-mailed **CODY BOONE COVERT** prices, specifications, and drawings of storage carts, asking for **COVERT**'s "input."

10. In or about July 2014, **CODY BOONE COVERT** e-mailed **MICHAEL ALLEN BRAUN** suggestions concerning storage cart specifications and asked **BRAUN** if **BRAUN** wanted **COVERT** to include these in the "spec."

11. On or about August 5, 2014, **CODY BOONE COVERT** caused a USAF group resource advisor to initiate a Form 9 request for purchase of aircraft panel storage carts. The request identified Trans Global as a "suggested source" and incorporated by reference specifications, prices, and drawings which were the same specifications, prices, and drawings that **MICHAEL ALLEN BRAUN** had

previously exchanged with **COVERT** via e-mail.

12. On or about September 15, 2014, the conspirators caused a bid on the Storage Panel Contract to be submitted to the USAF by Trans Global, fraudulently concealing from the USAF: that the bid had been made using the insider knowledge and access of **CODY BOONE COVERT**; that Trans Global had paid **COVERT** \$500 to obtain such insider knowledge and access; and that Trans Global had contracted to pay **COVERT**'s wife 45% of the net proceeds derived from the contract Trans Global was then bidding on.

13. **CODY BOONE COVERT** falsely advised a USAF group resource advisor that Trans Global's bid was technically acceptable, when, in fact, **COVERT** knew that Trans Global's bid did not meet the government's specifications for the Storage Panel Contract.

14. Using his personal e-mail address in order to conceal his collusion with **MICHAEL ALLEN BRAUN**, on or about September 17, 2014, **CODY BOONE COVERT** e-mailed a proposal of a competing bidder to **BRAUN**.

15. **CODY BOONE COVERT** used his position as the Government's technical evaluator to influence the USAF to accept Trans Global's proposal and to reject a competing bidder's proposal, resulting in the award of the Storage Cart Contract to Trans Global on or about September 18, 2014.

16. On or about October 30, 2014, **MICHAEL ALLEN BRAUN** paid for a first-class airline ticket and hotel room for **CODY BOONE COVERT** so that **COVERT** could attend a meeting to discuss the panel storage carts with **BRAUN** and ELO employees at ELO's manufacturing facility in Fridley, Minnesota.

17. To conceal his meeting with **MICHAEL ALLEN BRAUN** and ELO employees, **CODY BOONE COVERT** submitted to the USAF a leave request on which he falsely stated that he would be at his personal residence, when, in fact, **COVERT** used the leave to attend the meeting at ELO's manufacturing facility.

18. On or about February 19, 2015, **MICHAEL ALLEN BRAUN** obtained, via the WAWF system, \$126,300 from the USAF as payment to Trans Global for panel storage carts built pursuant to the Storage Cart Contract.

19. On or about March 2, 2015, J.C. deposited a \$5,000 check drawn on Trans Global's U.S. Bank account into an account opened that day at Regions Bank in the name of Airrack LLC.

20. On or about March 3, 2015, **MICHAEL ALLEN BRAUN** issued a \$27,928.75 check from Trans Global to Airrack LLC, which J.C. then deposited into the Airrack LLC Regions Bank account.

All in violation of Title 18, United States Code, Section 1349.

COUNT TWO

On or about April 10, 2014, in the Northern District of Florida and elsewhere, the defendant,

MICHAEL ALLEN BRAUN,

did directly and indirectly, corruptly give, offer, and promise a thing of value to a public official, namely, a non-commissioned officer and an employee of the USAF, with intent to influence such public official to commit, aid in committing, collude in, and allow, a fraud, and make opportunity for the commission of a fraud, on the United States, in that the defendant provided money, that is, \$500, in return for the public official being influenced to commit, aid in committing, collude in, and allow, a fraud, and make opportunity for the commission of a fraud, on the United States.

In violation of Title 18, United States Code, Section 201(b)(1)(B).

COUNT THREE

On or about April 10, 2014, in the Northern District of Florida and elsewhere, the defendant,

CODY BOONE COVERT,

a public official, that is, a non-commissioned officer and employee of the USAF, did directly and indirectly, corruptly demand, seek, receive, accept, and agree to receive a thing of value personally, in return for being influenced to commit, aid in

committing, to collude in, and allow, a fraud, and make opportunity for the commission of a fraud, on the United States, in that the defendant accepted and received money, that is \$500, as a result of the defendant being influenced to commit, aid in committing, to collude in, and allow, a fraud, and make opportunity for the commission of a fraud, on United States.

In violation of Title 18, United States Code, Section 201(b)(2)(B).

COUNT FOUR

On or about September 17, 2014, in the Northern District of Florida and elsewhere, the defendant,

CODY BOONE COVERT,

a Federal official, knowingly disclosed contractor bid, proposal, and source selection information to MICHAEL ALLEN BRAUN before the award of a Federal agency procurement contract to which the information related, for the purpose of exchanging the information for anything of value and obtaining and giving Trans Global Storage Systems, Inc. a competitive advantage in the award of a Federal agency procurement contract.

In violation of Title 41, United States Code, Sections 2102(a) and 2105(a).

COUNT FIVE

On or about September 17, 2014, in the Northern District of Florida and elsewhere, the defendant,

MICHAEL ALLEN BRAUN,

knowingly obtained contractor bid, proposal, and source selection information from CODY BOONE COVERT before the award of a Federal agency procurement contract to which the information related, for the purpose of exchanging the information for anything of value and obtaining and giving Trans Global Storage Systems, Inc. a competitive advantage in the award of a Federal agency procurement contract.

In violation of Title 41, United States Code, Sections 2102(b) and 2105(a).

COUNT SIX

Between on or about March 2, 2015, and on or about March 9, 2015, in the Northern District of Florida and elsewhere, the defendant,

MICHAEL ALLEN BRAUN,

did directly and indirectly, corruptly give, offer, and promise a thing of value to a public official, namely, a non-commissioned officer and an employee of the USAF, with intent to influence such public official to commit, aid in committing, collude in, and allow, a fraud, and make opportunity for the commission of a fraud, on the United States, in that the defendant provided money obtained from a USAF contract, in return for the public official being influenced to commit, aid in committing, collude in, and allow, a fraud, and make opportunity for the commission of a fraud, on the United States.

In violation of Title 18, United States Code, Section 201(b)(1)(B).

COUNT SEVEN

Between on or about March 2, 2015, and on or about March 9, 2015, in the Northern District of Florida and elsewhere, the defendant,

CODY BOONE COVERT,

a public official, that is, a non-commissioned officer and employee of the USAF, did directly and indirectly, corruptly demand, seek, receive, accept, and agree to receive a thing of value personally, in return for being influenced to commit, aid in committing, to collude in, and allow, a fraud, and make opportunity for the commission of a fraud, on the United States, in that the defendant accepted and received money obtained by a government contractor from a USAF contract, as a result of the defendant being influenced to commit, aid in committing, to collude in, and allow, a fraud, and make opportunity for the commission of a fraud, on the United States.

In violation of Title 18, United States Code, Section 201(b)(2)(B).

CRIMINAL FORFEITURE

The allegations contained in Counts One through Three, and Counts Six and Seven, of this Indictment are hereby re-alleged and incorporated by reference for the purpose of alleging forfeiture. From their engagement in the violations alleged

in Counts One through Three, and Counts Six and Seven, of this Indictment, the defendants,

**MICHAEL ALLEN BRAUN
and
CODY BOONE COVERT,**

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), any and all of the defendants' right, title, and interest in any property, real and personal, constituting, and derived from, proceeds traceable to such offenses.

If any of the property described above as being subject to forfeiture, as a result of acts or omissions of the defendants:

- i. cannot be located upon the exercise of due diligence;
- ii. has been transferred, sold to, or deposited with a third party;
- iii. has been placed beyond the jurisdiction of this Court;
- iv. has been substantially diminished in value; or
- v. has been commingled with other property that cannot be subdivided without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of said defendants up to the value of the forfeitable property.

A TRUE BILL:

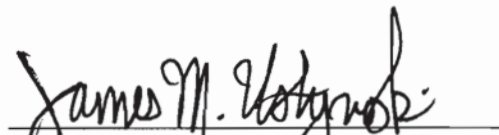
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FOREPERSON

10 OCT 2016

DATE


CHRISTOPHER P. CANOVA
United States Attorney


JAMES M. USTYNOSKI
Assistant United States Attorney