



Department of Justice

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Two Individuals Indicted on Charges of Conspiracy and Bribery in Connection with a U.S. Army Corps of Engineers New Orleans Levee Reconstruction Project

WASHINGTON — A former contract employee of the U.S. Army Corps of Engineers and a dirt, sand and gravel subcontractor were both indicted in connection with a \$16 million hurricane protection project for the reconstruction of the Lake Cataouatche Levee, south of New Orleans, the U.S. Department of Justice announced today.

Durwanda Elizabeth Morgan Heinrich and Kern Carver Bernard Wilson were indicted by a federal grand jury in New Orleans, and each was charged with one count of conspiring to commit bribery. Additionally, Heinrich was charged with two counts of offering a bribe to a public official and Wilson was charged with one count of demanding and agreeing to accept a bribe as a public official.

The indictment charged that the conspiracy took place from August to October 2006. The Department said that the conduct centers on an attempt by Heinrich, Wilson, and Raul Miranda, a previously charged former contract employee of the U.S. Army Corps of Engineers, to steer a dirt, sand and gravel subcontract on the levee project to Heinrich in return for Heinrich using part of the proceeds from the subcontract to pay bribes to Wilson and Miranda for their assistance.

"The Antitrust Division will prosecute those who engage in anticompetitive activities, especially those who seek to divert American tax dollars to line the pockets of corrupt officials and the contractors who bribe them," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division.

In August 2007, Miranda, of Houston, pleaded guilty to agreeing to accept a bribe for the Lake Cataouatche Levee project. The Lake Cataouatche Levee project will improve an eight mile section of the levee system. This section currently represents the levee's lowest stretch, which protects the citizens of Jefferson and St. Charles parishes.

Today's indictment is the result of an ongoing investigation of fraud in the procurement of levee reconstruction contracts led by the U.S. Army Corps of Engineers, being conducted by the Antitrust Division's Dallas Field Office, the U.S. Attorneys Office for the Eastern District of Louisiana, the Vicksburg Fraud Resident Agency of the U.S. Army Criminal Investigation Command and the Department of Defense's Criminal Investigative Service through the Hurricane Katrina Fraud Task Force. The investigation was initiated following a report by the U.S. Army Corps of Engineers to the Army Criminal Investigation Command of potential fraud.

"The critically important task of rebuilding the levee system in the New Orleans area must not be vulnerable to corruption," said Assistant Attorney General Alice S. Fisher of the Criminal Division. "The Hurricane Katrina Fraud Task Force will prosecute those who choose illegal financial gain for themselves at the expense of the community. The Department of Justice will continue to protect the money that goes into

rebuilding New Orleans from fraud and corruption.”

“Today's indictment is further compelling evidence of the absolute commitment of the U.S. Department of Justice and our partners in federal law enforcement to maintain a zero tolerance for any public corruption in the Eastern District of Louisiana, which is so critical to our rebuilding in the wake of the devastation wrought by Hurricane Katrina,” said U.S. Attorney Jim Letten. “This office and our law enforcement partners will continue to stand guard over this region, its people and our rebuilding process.”

“This isn't just about the rebuilding of a levee, but the rebuilding of fellow American lives and ensuring their livelihood and safety,” said Brigadier General Rodney Johnson, who heads the U.S. Army's Criminal Investigation Command. “The people of the Gulf Coast Region deserve better, and as part of the Hurricane Katrina Fraud Task Force I can assure the victims of Katrina that we are doing everything in our power to ensure they are not victimized again by disaster-related federal crimes.”

The conspiracy charge carries a maximum penalty of five years in prison and a maximum fine of not more than three times the amount of the bribe. The bribery charges each carry a maximum penalty of 15 years imprisonment and a maximum fine of not more than three times the amount of the bribe. If convicted, Heinrich and Wilson may also be disqualified from holding any position in the U.S. government.

In September 2005, the Hurricane Katrina Fraud Task Force was created to deter, investigate and prosecute disaster-related federal crimes. To date, the Hurricane Katrina Task Force has indicted 881 individuals in 43 judicial districts. Anyone with information concerning anticompetitive conduct, fraud, or other allegations of illegal activity is urged to call the Hurricane Katrina Fraud Hotline at 866-720-5721, the Antitrust Division's Dallas Field Office at 214-661-8600, or the Atlanta Field Office at 404-331-7100.

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