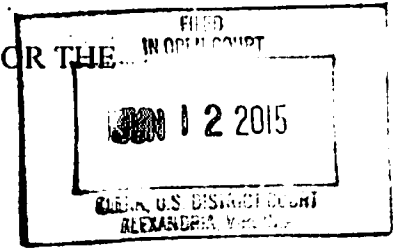


IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division



UNITED STATES OF AMERICA)	
)	
v.)	CRIMINAL NO. 1:15-CR-137-01-CMH
)	
TONY LEE CHANDLER,)	
)	
Defendant.)	

STATEMENT OF FACTS

The parties stipulate that the allegation in Indictment and the following facts are true and correct, and that had the matter gone to trial the United States would have proven them beyond a reasonable doubt.

1. TONY CHANDLER (“CHANDLER”) was employed in Arlington, Virginia with duties as a contracting officer’s representative (“COR”) within the Bureau of Overseas Buildings Operations at the U.S. Department of State (“Department”), a department of the United States government. As an employee of the Department, CHANDLER was responsible for the review and approval of claims and invoices submitted to the Department from Coastal International Security (“Coastal”), a contractor that did business with the Bureau of Overseas Buildings Operations.

2. MARVIN HULSEY (“HULSEY”) was employed as a program manager for Coastal from in or about 2004 through in or about 2011. The work that Coastal performed for the Department included the recruitment, training, administrative support, and supervision of contract security personnel at Department construction sites throughout the world (“Department Contract”). In his position at Coastal, HULSEY was responsible for the submission of claims

and invoices to the Department for the Department Contract. Because the Department is a department of the United States government, a claim made to the Department is a claim made for payment from the United States. HULSEY's primary point of contact with the Department for contracting matters was CHANDLER.

3. Aside and apart from government duties, CHANDLER was an authorized distributor for a multi-level marketing company that sells nutritional supplements ("Supplement Company"). The Supplement Company pays commissions to an authorized distributor based on individual sales marketed by that authorized distributor and sales marketed by any person sponsored into that authorized distributor's network as a subordinate authorized distributor.

4. In or about 2008 and continuing through in or about 2010, CHANDLER sponsored approximately 18 of Coastal's employees as his own subordinate authorized distributors for the Supplement Company ("recruited distributors"). During this same timeframe, the recruited distributors purchased nutritional supplements from the Supplement Company using their personal credit cards.

5. In or about 2008 and continuing through in or about 2010, CHANDLER and HULSEY agreed that nutritional supplements purchased from the Supplement Company by recruited distributors would be concealed in false invoices and submitted to the Department under the Department Contract even though such costs were unallowable under the terms of the Department Contract. The purpose of this agreement was to cause the United States and the Department to incur costs for the sales of nutritional supplements from which CHANDLER was paid a commission.

6. CHANDLER knew that between in or about 2008 through in or about 2010, recruited distributors purchased nutritional supplements from the Supplement Company using

their personal credit cards. CHANDLER also knew that HULSEY then caused, or caused others to cause, Coastal to reimburse the recruited distributors for the costs of nutritional supplements via wire transfers to their personal bank accounts. CHANDLER knew that he was paid a commission by the Supplement Company for every purchase made by the recruited distributors.

7. To allow the reimbursed expense of nutritional supplements to be passed on to the Department, CHANDLER knew that HULSEY directed and supervised the manufacture of false invoices that concealed the true nature of the nutritional supplement expense by describing the cost as physical fitness training and uniforms, training, or uniforms.

8. CHANDLER knew that HULSEY submitted, or caused another to submit, vouchers to the Department that included the unallowable costs of nutritional supplements. The vouchers sought payment from the Department and were accompanied and supported by the false invoices that CHANDLER knew were manufactured at HULSEY's direction and supervision.

9. The agreement between CHANDLER and HULSEY resulted in the submission of nine vouchers identified as Invoices 306, 307, 309, 311, 313, 401, 410, 411, and 413. These nine vouchers were accompanied and supported by at least 107 false invoices totaling \$173,466.20. Each of the vouchers was submitted to the Department in Arlington, Virginia.

10. Except for Invoice 401 and 410, CHANDLER approved payment to Coastal for each of these vouchers, despite then knowing that he had a personal financial interest in each voucher because the costs of nutritional supplements concealed in the false invoices were directly related to sales of nutritional supplements from which he was paid a commission by the Supplement Company. Invoices 401 and 410 were approved by a Department employee under the direction and control of CHANDLER.

11. The approval of each of the nine vouchers caused other Department employees to transmit information by wire communications in interstate commerce from Arlington, Virginia to South Carolina. These transmissions furthered the conspiracy between CHANDLER and HULSEY because each transmission resulted in the United States paying Coastal for the amounts stated in false invoices.

12. The commissions paid to CHANDLER by the Supplement Company that are directly traceable to the conspiracy described in this Statement of Facts is at least \$25,061.88.

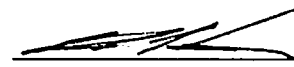
13. In addition to the above-described conduct, CHANDLER received a firearm from Hulsey as a Christmas gift in December 2007.

14. In or about 2008 through 2011, CHANDLER knew that HULSEY caused Coastal to incur costs on CHANDLER's behalf for a cellular telephone and the usage of that telephone, meals on multiple occasions, and upgrades to or the purchase of airline tickets. The value of these items was approximately \$5,956.66.

Respectfully submitted,

Dana J. Boente
United States Attorney

By:



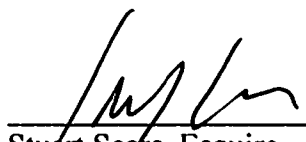
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After consulting with my attorney, I hereby stipulate that the above Statement of Facts is true and accurate, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.



Tony Lee Chandler

I am Tony Lee Chandler=s attorney. I have carefully reviewed the above Statement of Facts with him. To my knowledge, his decision to stipulate to these facts is an informed and voluntary one.



Stuart Sears, Esquire
Attorney for Tony Lee Chandler