

United States District Court

DISTRICT OF COLORADO

In the Matter of the Search of:

Name, address or brief description of person or property to be searched)

7350 Campus Drive, Suite 200
Colorado Springs, Colorado 80920

APPLICATION AND AFFIDAVIT FOR SEARCH WARRANT AND SEIZURE

CASE NUMBER: 05-5020m

I, Special Agent John W. Smith, being duly sworn depose and say:

I am a Federal Bureau of Investigation Special Agent, and have reason to believe

Official Title


that on the property known as:

See Attachment A, attached hereto and incorporated herein by reference

in the State and District of Colorado there is now concealed certain evidence, namely

See Attachment B, attached hereto and incorporated herein by reference

which is contraband, and evidence of the commission of a criminal offense and property designed and intended for use in committing a criminal offense concerning violations of **Title 18, United States Code, Sections 1341, 1343, and 1349**. The facts to support a finding of Probable Cause for issuance of a Search Warrant are set forth in the attached affidavit which is continued on the attached sheet and made a part hereof:


Signature of Affiant - S/A John W. Smith

Sworn to before me, and subscribed in my presence

Date

2/7/05 2:00 PM

Craig B. Shaffer, United States Magistrate Judge

Name and Title of Judicial Officer

at Denver, Colorado
City and State


Signature of Judicial Officer

25 pages

A F F I D A V I T

1. I, John W. Smith, (hereinafter, "your affiant") being duly sworn, do hereby state as follows: I am a Special Agent ("SA") of the Federal Bureau of Investigation (the "FBI"), assigned to the Denver Division, Colorado Springs Residence Agency. I have been employed by the FBI for approximately 13 months. As a Special Agent of the FBI, I am vested with the authority to investigate violations of federal laws, including Title 18 of the United States Code.

2. The statements contained in this affidavit are based in part on information provided by other Special Agents of the FBI, reports presented by investigators from the Office of the District Attorney, Colorado Fourth Judicial District, on interviews conducted with private individuals, on my experience and background as a Special Agent of the FBI, and on my investigation. Because this affidavit is being submitted for the limited purposes of securing a search warrant, I have not included each and every fact known to me concerning this investigation. I have set forth only the facts that I believe are necessary to establish probable cause to believe that evidence, instrumentalities, and fruits of violations of Title 18, United States Code, Sections 1341 (mail fraud), 1343 (wire fraud), and 1349 (conspiracy to commit mail and/or wire fraud) are located at 7350 Campus Drive, Suite 200, Colorado Springs, Colorado 80920. This building is a eastern-facing three story-commercial office building. The first floor is owned and occupied by ENT Federal Credit Union, a different entity than the second floor (Suite 200), and will

not be subject to search. The third floor is owned by ENT Federal Credit Union and leased to New England Financial, a different entity than the second floor (Suite 200), and will not be subject to search.

DEFINITIONS

3. The term "computer", as used herein, means "an electronic, magnetic, optical, electrochemical, or other high speed data processing device performing logical or storage functions, and includes any data storage facility or communications facility directly related to or operating in conjunction with such device." See 18 U.S.C. §1030(e)(1).

4. Your affiant knows that computer hardware and computer software may be utilized to store records which include but are not limited to those relating to business activities, criminal activities, associate names and addresses, and the identity and location of assets illegally gained through criminal activity.

5. The terms "records," "documents," and "materials" include all information recorded in any form, visual or aural, including the originals and all non-identical copies thereof, whether different from the original by reason of any notations made on such copies or otherwise, including, but not limited to the following:

1. Written or printed matter of any kind, correspondence, memoranda, notes, diaries, statistics, letters, telephone toll records, telegrams, contracts, reports, checks, statements,

receipts, returns, summaries, pamphlets, books, ledgers,
journals, registers, records, vouchers, slips, bills, calendars,
pads, notebooks, files, logs, lists, bulletins, credit materials,
databases, teletypes, telefaxes, invoices, worksheets;

2. Graphic records or representations, photographs, slides,
drawings, designs, graphs, charts, pictures, sketches, images,
films, videotapes; and aural records or representations, tapes,
records, discs.

6. The terms "records," "documents," and "materials" include all of the foregoing in whatever form and by whatever means the records, documents, or materials, their drafts, or their modifications may have been created or stored, including (but not limited to) any handmade form (such as writing, drawing, painting, with any implement on any surface, directly or indirectly); any photographic form (such as microfilm, microfiche, prints, slides, negatives, videotapes, motion pictures, photocopies); any mechanical form (such as phonograph records, printing, or typing); any electrical, electronic, or magnetic form (such as tape recordings, cassettes, compact discs, or any information on an electronic or magnetic storage device, such as floppy diskettes, hard disks, CD-ROMs, DVD-ROMs, optical discs, printer buffers, smart cards, memory calculators, electronic dialers, Bernoulli drives, or electronic notebooks, as well as printouts or readouts from any magnetic storage device).

7. The term "staffing company" is defined as a company that hires and leases labor to another company ("requesting company") based on an agreement between the two companies. Based on the experience of your affiant and from talking to professionals at multiple staffing companies, staffing companies generally have a database of employees, with various skill sets, available to be placed in positions at a requesting company upon request. When a requesting company seeks to retain a staffing company, the requesting company sometimes provides the staffing company with a list of the types of skills needed and tasks the staffing company to find employees, from their database, to place at the requesting company. Another type of transaction performed by staffing companies is called "payrolling." In a payrolling transaction, a requesting company retains the staffing company to hire and pay employees who have been pre-selected by the requesting company instead of allowing the staffing company to select employees from its database. In a payrolling relationship, the staffing company makes money by charging the requesting company a predetermined administrative fee in excess of the expense incurred to payroll the employees.

8. In both types of transactions, once the staffing company places an employee in a work position at the requesting company, the employee reports to work at the requesting company and completes a time reporting card. The time reporting card is approved by a supervisor at the requesting company and then forwarded to the staffing company to be processed. The staffing company processes the time reporting card, generates a payroll check or direct deposit payment, and forwards the payment to the employee who has completed the work. The staffing company then generates an invoice and submits it to the requesting

company.

SPECIFICS OF SEARCH AND SEIZURE OF COMPUTER SYSTEMS

9. Based upon your affiant's knowledge, training and experience, and the experience of other law enforcement personnel as related to me, your affiant knows that searches and seizures of evidence from computers commonly require agents to seize most or all computer items (hardware, software, and instructions) to be processed later by a qualified computer expert in a laboratory or other controlled environment, because of the following:
10. Computer storage devices (like hard drives, diskettes, tapes, laser disks, Bernoulli drives, and others) can store the equivalent of thousands of pages of information. Especially when a user wants to conceal criminal evidence, he or she often stores it in random order with deceptive file names. This requires searching authorities to examine all the stored data to determine whether it is included in the warrant. This sorting process can take weeks or months, depending on the volume of data stored, and it would be impractical to attempt this kind of data search on site; and
11. Searching computer systems for criminal evidence is a highly technical process requiring expert skill and a properly controlled environment. The vast array of computer hardware and software available requires even computer experts to specialize in some systems and applications, so it is difficult to know before a search which expert should analyze the system and its data. The search of a computer system is an exacting scientific procedure which is designed to protect the integrity of the evidence and to recover even "hidden," erased,

compressed, password-protected, or encrypted files. Because computer evidence is extremely vulnerable to tampering or destruction (both from external sources or from destructive code imbedded in the system as a "booby trap" or "bomb"), the controlled environment of a laboratory is essential to its complete and accurate analysis.

12. To fully retrieve data from a computer system, the analyst needs all magnetic storage devices as well as the central processing unit (CPU). In addition, the analyst needs all the system software (operating systems or interfaces, and hardware drivers) and any applications software which may have been used to create the data (whether stored on hard drives or on external media).
13. It is the government's plan not to seize computer equipment during the requested search and seizure. The government's intends to image the contents of all computer equipment on site. However, since all circumstances can not be anticipated, it is requested that computer equipment be seized as necessary. If equipment is removed from the search location, all forensic images of seized computers or related equipment will be created within ten days of their removal.

SUMMARY OF CURRENT INVESTIGATION

14. DKH Enterprises ("DKH") and IRP Solutions ("IRP") are purported software development companies which share an office space located at 7350 Campus Drive, Suite 200, Colorado Springs, Colorado 80920. Individuals associated with DKH and IRP are involved in a criminal scheme to defraud staffing companies throughout the United States. On occasion, individuals associated with DKH and IRP also utilize the name of Leading

Team, Inc. when entering into relationships with staffing companies. The scheme works as follows: associates of DKH or IRP approach a staffing company and enter into a contract, typically for payrolling, in which the staffing company hires and pays "temporary" employees hand picked by either DKH or IRP. The staffing company is told that temporary labor is needed for projects relating to developing software to be used by law enforcement. After the staffing company pays the employees selected by DKH and/or IRP for some period of time, DKH and/or IRP fail to pay the staffing company. More than twenty staffing companies have been identified that have lost a total of approximately two million dollars. Although the investigation has uncovered some evidence that DKH and/or IRP are developing software for possible law enforcement use, the fraud targeting staffing companies appears so pervasive that it likely involves almost every staffing company with which DKH and/or IRP have worked.

THE CURRENT INVESTIGATION

Information Received from Staffing Companies

15. On March 25, 2004, your affiant received a package from Peter Jozwik ("Jozwik"), Chief Operating Officer, of Professional Consulting Network ("PCN"). PCN's primary business is to provide staffing services to requesting companies. Included in the package was a letter from Jozwik stating that PCN had provided staffing services to DKH but terminated that service due to collection problems and subsequent research that uncovered questionable and dubious practices by DKH.

16. On June 10, 2004, your affiant interviewed Gregory J. Krueger ("Krueger"), a principal of

PCN. Krueger advised that PCN was contacted by Clinton Stewart ("Stewart"), representing DKH, who inquired if PCN would enter into a payrolling relationship with DKH. On July 25, 2003, Krueger traveled to the DKH office, located in the IRP office space at 7350 Campus Drive, Suite 200, Colorado Springs, CO 80920, and met with Demetrius Harper ("Harper") and Stewart to discuss the potential arrangement between PCN and DKH. During the visit, Stewart stated that DKH develops software and electronic solutions for law enforcement agencies and prisons which allow the agencies to take notes and collect data electronically. In addition, Stewart indicated that DKH was close to closing contracts with the New York Police Department ("NYPD") and the Federal Bureau of Prisons. PCN subsequently placed three employees, all selected by DKH, in a payrolling arrangement at DKH. These employees were Esther Banks, Willie Pee, and Ken Barnes. Banks, Pee, and Barnes completed time reporting cards and sent them via facsimile from the DKH office space, in Colorado Springs, Colorado, to PCN's office located in San Francisco, California. PCN then had payroll checks completed and forwarded them to the employees via the United States mail. In addition, PCN submitted invoices to DKH using the United States mail. PCN never received any payment from DKH, and its loss as a result of the scheme is \$66,856.47.

17. On June 10, 2004, your affiant interviewed Ron Brennan ("Brennan"), formerly employed as a Senior Technical Staffing Specialist with Productive Data Commercial Solutions, Inc. ("PDS"), located in Greenwood Village, Colorado. PDS' primary business is to provide staffing services to requesting companies. Brennan advised that PDS was contacted by David Banks ("Banks"), representing IRP, who was searching for software engineers and was

seeking PDS' assistance. Banks represented that IRP was currently negotiating with the NYPD and the Department of Homeland Security ("DHS"). IRP and PDS entered into a relationship in which PDS hired nine employees who were placed in positions at IRP. Five of the employees were selected by PDS and four of the employees were selected by IRP. During the course of the relationship, Brennan traveled and conducted business with IRP at its office space located at 7350 Campus Drive, Suite 200, Colorado Springs, CO 80920. PDS employees working at IRP completed time reporting cards and sent them via facsimile from the IRP office space in Colorado Springs, Colorado to PDS' office located in Greenwood Village, Colorado. Based on the hours reported, PDS generated invoices and sent them in the United States mail to IRP. PDS never received any payment from IRP, and its loss as a result of the scheme is approximately \$159,000.

18. On June 14, 2004, your affiant interviewed Dean Hale ("Hale"), formerly employed as a Account Executive with Systems Engineering Services Corporation ("SESC"), located in Greenwood Village, Colorado. SESC's primary business is to provide staffing services to requesting companies. In July 2003, Hale contacted DKH to inquire about entering into a staffing relationship. Hale spoke with Stewart and the two agreed to meet at a restaurant in Denver, Colorado, to discuss a staffing arrangement. Subsequently, Hale met with Stewart and Harper at the restaurant. Harper and Stewart represented that DKH was working with state and federal law enforcement agencies in order to develop and implement services and integrated systems for information sharing and that they have active contracts with different agencies. SESC subsequently placed two employees, both selected by DKH, in a payrolling

arrangement at DKH. These employees were Banks and Clifford Stewart (believed to be Clinton Stewart's brother). Banks and Clifford Stewart informed Hale that they are incorporated as Leading Team, Inc. While employed at SESC, Banks and Clifford Stewart completed time reporting spreadsheets and sent them via facsimile from the DKH office space in Colorado Springs, Colorado to SESC's office located in Greenwood Village, Colorado. Based on the hours reported, SESC generated check request forms and sent them via Federal Express to the SESC office in Reston, Virginia for approval. Once the requests were approved, they were sent to the SESC office in Norfolk, Virginia for processing. Payroll checks were then generated and sent to Leading Team, Inc. via the United States mail. After payment was made to Leading Team, Inc., SESC generated invoices and sent them using the United States mail to DKH. SESC never received any payment from DKH, and its loss as a result of the scheme is approximately \$100,000.

19. On June 14, 2004, your affiant interviewed Remington Green ("Green"), President of Organic People ("OP"), located in Denver, Colorado. OP's primary business is to provide staffing services to requesting companies. On June 20, 2003, Stewart contacted the receptionist at OP and informed her that DKH was interested in entering into a payroll relationship with OP. Green placed a return call to Stewart and set up a meeting at DKH's office space. On July 21, 2003, Green participated in a meeting with DKH representatives, Stewart and Harper, at the DKH office space located at 7350 Campus Drive, Suite 200, Colorado Springs, Colorado 80920. During the meeting, Stewart and Harper represented that DKH had won a contract to provide software to the DHS. Based on the representations

made at the meeting, OP subsequently placed two employees, both selected by DKH, in a payroll arrangement at DKH. These employees were Kendra Haughton ("Haughton") and Thomas Williams ("Williams"). While employed at OP, Haughton and Williams completed time reporting spreadsheets and sent them via facsimile from the DKH office space in Colorado Springs, Colorado to OP's office located in Denver, Colorado. OP sent invoices to DKH using the United States mail. In addition, OP utilized the United States mail to send Williams and Haughton their final OP paychecks. OP never received any payment from DKH, and its loss as a result of the scheme is approximately \$75,000.

20. On June 28, 2004, your affiant interviewed Donald T. Crockett ("Crockett"), a Regional Manager with Computer Task Group ("CTG"), located in Boulder, Colorado. CTG's primary business is to provide staffing services to requesting companies. On June 26, 2003, Crockett received a phone call from Stewart of DKH. Stewart then informed Crockett that DKH wished to enter into a payroll arrangement with CTG. Stewart then provided the names of two employees they DKH wanted CTG to payroll, Enrico Howard and Larry Iverson. On June 27, 2003, Crockett received another call from Stewart requesting that CTG hire a third employee to be placed at DKH, Barbara McKenzie. Subsequent to the discussions, the three employees began to work at DKH and be paid by CTG. On July 9, 2003, Crockett traveled to the DKH office space located at 7350 Campus Drive, Suite 200, Colorado Springs, CO 80920 to meet with Stewart and Harper. During the meeting, Stewart mentioned that DKH was working on contracts with the NYPD, Manhattan Division. While working at the DKH office in Colorado Springs, Colorado, the employees entered their hours worked using CTG's time

reporting website. After the hours were entered, CTG payroll employees, located at CTG's headquarters in Buffalo, New York, retrieved the electronic data, processed the reports, and generated paychecks. The paychecks were then mailed to the employees utilizing the United States mail. CTG also sent all invoices to DKH using the United States mail. CTG never received any payment from DKH, and its loss as a result of the scheme is approximately \$188,000.

21. On October 14, 2004, your affiant interviewed Mel Castleberry ("Castleberry"), Regional President of Idea Integration ("II"), located in Denver, Colorado. Vince Rosales ("Rosales"), II Regional Vice President, was also present during portions of the interview. II's primary business is to provide staffing services to requesting companies. In December 2003, Rosales was telephonically contacted by Banks. Banks was inquiring about the possibility of entering into a staffing relationship between IRP and II. On December 29, 2003, Banks sent Rosales an e-mail message containing a prospectus for IRP. On January 7, 2004, Castleberry and Rosales traveled to the IRP office space, located at 7350 Campus Drive, Suite 200, Colorado Springs, CO 80920, in order to meet with Banks and Gary Walker ("Walker"). During the meeting, Banks and Walker informed the II representatives that they were in contract negotiations with the NYPD. In April 2004, II entered into a contract with IRP and agreed to payroll four employees for IRP. The employees hired were Enrico Howard, Abhey Natu, Paul Pinkney, and David Harrier. Subsequently Rosales had another meeting with Banks. During the meeting, Banks mentioned that IRP was currently working with the DHS. II sent payroll checks to the II employees who worked at IRP using the United States mail. In

addition, II sent invoices from its headquarters in Jacksonville, Florida to IRP, in Colorado Springs, Colorado, using the United States mail. II never received any payment from IRP, and its loss as a result of the scheme is \$80,377.50.

22. On October 14, 2004, your affiant interviewed Brenda Williams ("Williams"), Vice President of Personnel Plus ("PP"), located in Greenwood Village, Colorado. PP's primary business is to provide staffing services to requesting companies. During October 2003, Williams received a phone call from Harper of DKH. Harper asked Williams if PP would be interested in entering into a payrolling relationship with DKH. On October 23, 2003, Williams drove to the DKH office space at 7350 Campus Drive, Suite 200, Colorado Springs, CO 80920 to meet with Harper to discuss a potential relationship between the two companies. Harper told Williams that he is the President of DKH and that he would like PP to payroll two employees. Harper then elaborated that DKH was currently conducting final contract negotiations with the NYPD and the DHS. Williams agreed to payroll two employees and PP entered into a contractual relationship with DKH. The two employees payrolled by PP were Clifton Stewart and Kendra Haughton. PP sent invoices from their headquarters in Denver, Colorado to DKH, located in Colorado Springs, Colorado, using the United States mail. PP never received any payment from DKH, and its loss as a result of the scheme is \$46,936.18.

23. On December 15, 2004, your affiant interviewed Susan K. Holland ("Holland"), President and Chief Executive Officer of ETI Professionals ("ETI"), located in Lakewood, Colorado. ETI's primary business is to provide staffing services to requesting companies. In early

December 2003, ETI received a telephone call from Harper, who was representing DKH. During the call, Harper inquired about the possibility of DKH entering into a staffing relationship with ETI. Subsequent to the phone call, Holland and Maurine Mitchell, an ETI recruiter, traveled to the DKH office located at 7350 Campus Drive, Suite 200, Colorado Springs, Colorado 80920, to meet with Harper. During the meeting, Harper mentioned that DKH was planning on marketing their software product to the NYPD and the DHS. In addition Harper mentioned that he was going to give a presentation to the NYPD along with IRP. The meeting between ETI and DKH ended with ETI agreeing to enter into a payrolling relationship with DKH. DKH identified the employees to be payrolled as Cliff Stewart and Enrico Howard. These employees were subsequently added to the ETI payroll and placed in employment positions at DKH. ETI sent invoices from its office in Lakewood, Colorado to DKH, located in Colorado Springs, Colorado, using the United States mail. ETI never received any payment from DKH, and its loss as a result of the scheme is approximately \$122,000.

24. Based on interviews with victim staffing companies and on review of the evidence collected, your affiant respectfully submits that there is probable cause to believe that the employees hired by the victim staffing companies and placed in work positions at IRP and/or DKH are part of the conspiracy to defraud the staffing companies. Your affiant's investigation has revealed that numerous employees hired by staffing companies to work at DKH and/or IRP have been payrolled at multiple staffing companies for positions at DKH and/or IRP. In addition, your affiant's investigation has revealed multiple occasions in which

an employee was hired to work at DKH and/or IRP in a full time position by multiple staffing companies during the same time period. The following are two examples of an employee working at DKH and/or IRP full time for more than one staffing company or other employer at the same time:

(a) Shaun Haughton ("Haughton") was an employee hired by multiple staffing companies to work at DKH and IRP, while still holding a full-time job with Benesight, Inc. Haughton has been a full-time employee of Benesight since June 12, 2000. Evidence collected shows that between the week ending July 6, 2003 and the week ending August 17, 2003, Haughton was also employed in a full time position with Pro Staff ("PS"). PS is a staffing company that placed Haughton in a position at DKH. In addition, evidence collected shows that between the week ending April 24, 2004 and the week ending June 14, 2004, that Haughton was also employed in a full time position with TAC Worldwide Companies ("TAC"). TAC is a staffing company that placed Haughton in a position at IRP.

(b) Kendrick Barnes ("Barnes") was hired by ESG Consulting, a staffing company, and placed in a full-time work position at IRP between June 18, 2004 and September 14, 2004. During this entire period, Barnes had full-time employment at IntelliMark, a consulting company.

25. Your affiant's investigation has revealed thirty-three people that have been hired by

staffing companies and placed in work positions at either DKH and/or IRP. Nine of the thirty-three employees have been hired by more than one staffing company. Your affiant's investigation has revealed twenty-two staffing companies that have lost between approximately \$382,700 and approximately \$26,000 each due to dealing with DKH or IRP. Interviews with the twenty-two staffing companies revealed that none of the companies received any payments for their invoices sent to either DKH and/or IRP for reimbursement for their expenses incurred as a result of hiring employees to work at either DKH and/or IRP. In addition, the modus operandi used by representatives of DKH and/or IRP to approach the staffing companies was similar in all circumstances. Investigation has revealed full and/or partial payments, totaling \$24,451.78, made to four staffing companies on relatively small dollar-amount contracts. DKH and/or IRP owe the twenty-two additional staffing companies to which they have made no payments approximately \$2,013,000.

26. Review of evidence shows numerous instances in which employees hired to work at DKH and/or IRP cashed the payroll checks from staffing companies upon receipt. In some instances, a check cashing company was used to cash the checks, rather than depositing the check into a bank account in the employee's name. In one instance, an employee deposited her payroll check, received from a staffing company, directly into an IRP bank account.
27. Investigation to date has revealed that DKH, IRP, and/or LT have done business with the following staffing companies which are believed to be victims of the fraud: (1) Productive Data Commercial Solutions, Inc.; (2) Computer Task Group; (3) Systems Engineering

Services Corporation; (4) Organic People; (5) Professional Consulting Network; (6) Idea Integration; (7) Personnel Plus; (8) ETI Professionals; (9) Computer Horizons Corporations; (10) ESG Consulting; (11) Talent Tree; (12) TAC Worldwide/Technical Aid; (13) Community Staffing Services; (14) Spherion; (15) Analyst International; (16) Express Personnel Services, Inc.; (17) Aquent; (18) The Job Store; (19) Pro Staff; (20) Staffmark; (21) Manpower; (22) Today's Staffing; (23) Mentor4, Inc.; (24) Kforce/Hall, Kinion, & Associates; (25) Kelly; (26) CIBER; (27) Venturi Staffing Partners; (28) Add Staff; (29) Core Staff, and; (30) SOS Staffing.

Information Received from Government and Law Enforcement Personnel

28. On October 22, 2004, your affiant interviewed Ellen Cesarone ("Cesarone"), who is employed as a Staff Assistant for United States Congressman Joel Hefley. Cesarone was advised that an IRP prospectus provided to Idea Integration, a victim staffing company, stated that IRP was working with members of the United States House of Representatives, specifically Congressman Joel Hefley, to make investigative tools more readily obtainable by the nation's law enforcement agencies. Cesarone was asked to determine if Congressman Hefley, or employees at his office, have had documented contact with IRP, or any of its representatives, regarding efforts to make investigative tools more readily obtainable by the nation's law enforcement agencies. Cesarone queried the Capital Correspondence Database, a database which contains all correspondence received and generated from Congressman Hefley's two offices, to determine the nature and extent of any contact with the Congressman or his representatives. The Capital Correspondence Database did not reveal any correspondence that mentioned DKH, IRP, or the product they claim to be producing, named

Computer Investigative Life Cycle ("CILC").

29. On November 3, 2004, FBI Special Agents Lonna A. Johnson and Shawnda St. Louis interviewed Sandra Bellinger ("Bellinger"). Bellinger is employed by the Federal Bureau of Prisons ("BOP") as the Chief of the National Acquisitions Section of the Administrative Branch in Washington, DC. The National Acquisitions Section handles all contract negotiations for information systems software procurement for the BOP. Bellinger was shown photographs of Stewart, Harper, and Banks and did not recognize any of the photographs. In addition, Bellinger checked with the Small Business Technical Advisors for the BOP to see if IRP or DKH had contact with that office. No one in that office had contact with either company. In addition, Bellinger ran a check in the Federal Procurement Data System for DKH and IRP. Both IRP and DKH are registered with the Central Contractor Registration database, but neither company has been awarded any contracts.
30. On February 3, 2005, your affiant interviewed Steven W. Cooper ("Cooper"), employed as the Program Manager of the Consolidated Enforcement Environment ("CEE") program within the Department of Homeland Security ("DHS"). The CEE program is responsible for the review of case management software for the DHS. Cooper advised that on three occasions representatives of IRP traveled to Washington, DC and performed demonstration presentations of their Commercial Off-the-Shelf (COT) software product named CILC to CEE representatives. Cooper elaborated that the CEE program's responsibilities include determining if there is a viable COT software product available that would address the needs

of the DHS. Any company can call the CEE program and request to provide a demonstration presentation, and it is the CEE program's responsibility to accommodate the request and attend the presentation. At none of the three presentations did DHS employees make any claims or representations about entering into a contract, give any indication as to whether the DHS was interested in the product, or discuss internal DHS program or acquisition issues with IRP. Cooper further elaborated that the CEE program is bound by stringent and clearly defined guidelines that would prevent employees from disclosing such information to IRP and that IRP has no basis to claim they are close to entering into a contract with the DHS. The CEE program is still in the business planning phase in regards to case management software and there is no possibility that IRP was told that the DHS was interested in signing a contract with IRP or planning on engaging them to develop software. In addition, the DHS has not released a Request for Proposal (RFP) for case management software. A RFP would need to be generated and responded to by vendors before the DHS would be in a position to enter into a contract with any vendor company.

31. In addition to Cooper, between November 1, 2004, and November 9, 2004, FBI Special Agents conducted interviews of the following individuals within the DHS. None of the individuals were aware of any contract between the DHS and DKH, IRP and/or any of their associates:

- Mickey Jones, Director of the Office of Procurement Operations for the DHS, located in Washington, DC.
- Ashley Lewis, Director of Acquisition Policy and Oversight for the DHS, located in

Washington, DC.

- Mary Ellen Dorsey, employed in the Small and Disadvantaged Business Utilization Office of the DHS, located in Washington, DC.

- Scott Anderson ("Anderson"), Department Head for the Information Systems and Technology Division at Mantech, located in Chantilly, Virginia. Anderson's division at Mantech handles most of the software implementation and integration work for the DHS.

32. On February 3, 2005, your affiant interviewed FBI Supervisory Special Agent Melissa McRae ("McRae"). McRae is assigned to the Office of the Chief Information Officer located at the FBI Headquarter's in Washington, DC. During October 2004, Cooper invited the FBI to attend a case management software demonstration presentation being performed by IRP. McRae was asked by her supervisor to attend the demonstration presentation since the FBI and the DHS had began to work jointly in identifying a case management software solution that could be used by both agencies. On October 28, 2004, McRae and three other FBI representatives attended the IRP demonstration presentation at the DHS' offices in Washington, DC. Based on the presentation, McRae thought that the IRP software product required significant work in order to be finalized. In addition, the software did not appear scalable to meet the needs of the FBI. The software appeared to be suitable for use in a small office with less than fifty users, however it did not appear that it could be used in an organization with thousands of users. In addition, IRP did not seem to have enough support personnel to develop and maintain the software. At no point during or after the meeting did McRae mention that the FBI was interested in entering into a contract with IRP.

33. On November 10, 2004, FBI Special Agents John J. Genoble, Jr. and Bradford B. Price interviewed Donald J. Burrus ("Burrus"), employed as the Assistant Commissioner for the Management Information Systems Division of the NYPD. Burrus stated that David A. Banks, representing IRP, performed a presentation / proposal for the NYPD with respect to IRP's product called Case Investigative Life Cycle ("CILC"). Burrus explained that CILC, along with products from a number of other contractors, were under consideration by the NYPD. Burrus stated that while it is unlikely that IRP's CILC will be selected by NYPD as other products better serve the NYPD's needs, a final decision has not been reached by the review committee. Burrus is unaware of any ongoing relationship between NYPD and IRP beyond IRP's CILC presentation/proposal. In addition, Burrus was unfamiliar with DKH, Stewart, Harper, and Walker.

Information Concerning 7350 Campus Drive, Colorado Springs, Colorado 80920

34. On November 17, 2004, your affiant interviewed Patricia Throckmorton ("Throckmorton"), Director of Support Services for ENT Federal Credit Union ("EFCU"), located in Colorado Springs, Colorado. Throckmorton advised that the three story office building located at 7350 Campus Drive, Colorado Springs, Colorado 80920 is owned by EFCU and that the entire second floor is occupied by IRP. EFCU leases the second floor of the building to another company who in turn leases it IRP.

35. On January 14, 2005, your affiant interviewed Margie Campbell ("Campbell"), an employee with Xspedius Communications. Xspedius Communications provides internet and

telephone services for Leading Team, Inc. and IRP. Campbell advised that telephone/facsimile numbers 719/955-0040, 719/955-0041, 719/955-0076, 719/955-0078, and 719/955-0079, are registered to Leading Team, Inc, a company associated with IRP, located at 7350 Campus Drive, Suite 200, Colorado Springs, Colorado. Campbell added that the physical telephone, facsimile, and/or data circuit lines associated with the above numbers have been delivered, i.e. are connected, to 7350 Campus Drive, Suite 200, Colorado Springs, Colorado.

36. Numerous staffing company employees interviewed reported that they received e-mail messages from DKH and/or IRP representatives that they believe were generated from 7350 Campus Drive, Suite 200, Colorado Springs, Colorado. In addition, staffing company employees who toured the DKH and IRP office space at 7350 Campus Drive, Suite 200, Colorado Springs, Colorado reported seeing desktop computers, laptop computers, servers, and other computer equipment and peripheral devices in the office space.
37. On January 27, 2005, your affiant performed a physical surveillance of 7350 Campus Drive, Colorado Springs, Colorado 80920. Your affiant noted that there is a sign that reads "IRP Solutions" that is attached to the outside of the building on the western facing wall. The sign is attached to the wall at the second floor, which would be Suite 200. In addition, your affiant verified with the lessor that the sub lease agreement for Suite 200 is active until July 31, 2005 and the lessee is IRP.

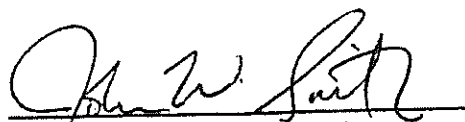
38. Your affiant's investigation has revealed no evidence that DKH, IRP, or their associates use any location other than 7350 Campus Drive, Suite 200, Colorado Springs, Colorado 80920 to conduct business.

CONCLUSION

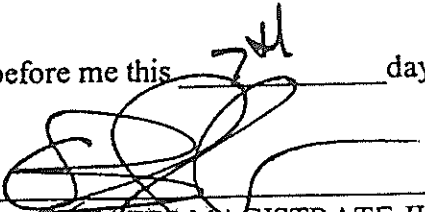
39. Based on the above information, your affiant respectfully submits that there is probable cause to believe that the vast majority of the "business" activity of DKH, IRP, LT, and their associates constitutes violations of Title 18, United States Code, Sections 1341, 1343, and 1349.

40. The evidence, fruits, and instrumentalities believed to be concealed at 7350 Campus Drive, Suite 200, Colorado Springs, Colorado 80920, are listed in Attachment B to this affidavit which is incorporated by reference as if fully set forth within this affidavit. Your affiant requests authority to search for and seize such material.

41. I, John W. Smith, Special Agent, Federal Bureau of Investigation, Department of Justice, being duly sworn according to law, depose and say that the facts stated in the foregoing affidavit are true to the best of my knowledge, information and belief.


JOHN W. SMITH, Special Agent
Federal Bureau of Investigation

Subscribed and sworn to before me this 7th day of February, 2005, at 2:00 PM



UNITED STATES MAGISTRATE JUDGE
DISTRICT OF COLORADO