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Western District of Missouri

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Parkville Man Sentenced for \$335 Million Fraud, \$615,000 Tax Violations

Construction Firm Illegally Received Contracts Set Aside for Veterans, Minorities

KANSAS CITY, Mo. – A Parkville, Mo., man who was charged in two federal cases was sentenced in federal court today for his role in a \$335 million scheme to defraud federal programs that award contracts to firms owned by minorities, veterans, and service-disabled veterans, and in a separate case to filing false tax returns that cheated the government out of more than \$615,000 in taxes owed.

“This defendant pocketed millions of dollars in profits that should have gone to firms led by disabled veterans and minority owners,” said U.S. Attorney Teresa Moore. “He not only stole contracts from those firms, he cheated on his taxes and thus stole from honest citizens by not paying his fair share. Now he will go to prison and he will pay back every dollar gained through fraud and deception.”

Patrick Michael Dingle, 51, was sentenced by U.S. District Judge Roseann Ketchmark to eight years in federal prison without parole. The court also ordered Dingle to forfeit to the government \$4,659,061, which represents his profit from the scheme. The court also ordered Dingle to pay \$615,847 in restitution to the Internal Revenue Service and \$82,704 in restitution to the Missouri Department of Revenue.

“The defendant’s actions impacted small business owners and veterans, hindered economic welfare and undermined the public’s faith in programs intended to help those who need them. The Department of Defense (DoD) Office of Inspector General, Defense Criminal Investigative Service and our law enforcement partners are dedicated to protecting the integrity of the procurement process and holding violators accountable,” said Special Agent in Charge Michael Mentavlos, DCIS Southwest Field Office. “We take these matters seriously and will continue to aggressively investigate fraud and corruption allegations that impact the DoD.”

“Conspiring to fraudulently obtain millions of dollars in government contracts from programs designed to benefit service-disabled veteran business owners steals opportunities from the deserving and lines the pockets of the greedy,” said Special Agent in Charge Gregory Billingsley with the Department of Veterans Affairs Office of Inspector General’s Central Field Office. “The VA OIG thanks the Department of Justice and our law enforcement partners for their joint efforts to achieve justice in this case.”

“Defrauding the government is never acceptable, especially when taking advantage of programs designed to assist those minorities and veterans most in need,” said IRS Criminal Investigation Acting Special Agent in Charge Charles Miller. “IRS-CI is proud to partner in these investigations to keep egregious schemes like this at bay.”

On Sept. 13, 2021, Dingle pleaded guilty to the charges contained in both federal cases. Dingle pleaded guilty to one count of conspiracy to commit wire and major program fraud. Dingle also pleaded guilty, in a separate case, to one count of filing a false tax return.

\$335 Million Fraud Conspiracy

Dingle admitted that he conspired with Matthew C. McPherson, 46, of Olathe, Kansas, to fraudulently obtain contracts set aside by the federal government for award to small businesses owned and controlled by veterans, service-disabled veterans and certified minorities.

Dingle was the operations manager for Zieson Construction Company located in North Kansas City, Mo. Dingle and his co-conspirators controlled and operated Zieson, which was originally formed in 2009 with Stephon Ziegler, 61, of Weatherby Lake – an African-American service-disabled veteran – as the nominal owner. Zieson's primary business was obtaining federal construction contracts set aside for award to small businesses owned and controlled by service-disabled veterans or certified minorities. However, Ziegler did not control the day-to-day operations or the long-term decision making of Zieson. Dingle and his co-conspirators actually controlled and operated Zieson, and received most of the profits from Zieson.

Ziegler signed Zieson checks when requested to do so, signed bids for government jobs when requested to do so and served as a courier of checks and invoices when requested to do so. Ziegler did not participate in any way in the management and control of either day-to-day operations or long-term decision-making for Zieson.

Dingle and McPherson were not eligible for these set-aside contracts because they were not certified minorities or veterans. Although Zieson was not eligible, the firm received approximately 199 federal contracts set aside for award to minority-owned small businesses and veteran-owned small businesses between 2009 and 2018. The government paid Zieson approximately \$335 million for those contracts, for which conspirators gained approximately \$15 million in profit. Several of the set-aside contracts awarded to Zieson were valued in excess of \$1 million, including a contract at Topeka, Kan., awarded on July 13, 2012, valued at approximately \$4,125,800.

Dingle, McPherson, and others submitted false and fraudulent Past Performance Questionnaires in support of Zieson bids for set aside contracts.

McPherson was sentenced on Jan. 5, 2022, to two years and four months in federal prison without parole after pleading guilty to one count of conspiracy to commit wire fraud and major program fraud. He was ordered to forfeit to the government \$5,516,786, which represents his share of the fraud proceeds.

Ziegler was sentenced on May 12, 2022, to 12 months in federal prison without parole after pleading guilty to making a false statement to the U.S. Department of Veterans Affairs.

False Tax Returns

Dingle also pleaded guilty, in a separate case, to filing a false tax return. Dingle admitted that he claimed \$799,425 in fraudulent business expenses on his tax return for 2016. As a result of the false and fraudulent expenses offset on Dingle's 2016 tax return, the government suffered a loss of approximately \$349,784.

Dingle also admitted that he filed false tax returns over a four-year period from 2013 to 2016, which resulted in a total loss to the government of \$615,847.

This case was prosecuted by Assistant U.S. Attorneys Paul S. Becker and Stacey Perkins Rock. It was investigated by the Department of Veterans Affairs, Office of Inspector General; the Department of Defense Criminal Investigative Service; the U.S. General Services Administration, Office of Inspector General; the U.S. Small Business Administration, Office of Inspector General; the Army Criminal Investigation Command, Major Procurement Fraud Unit; the Department of Agriculture, Office of Inspector General; IRS-Criminal Investigation; the U.S. Secret Service; the Air Force Office of Special Investigations, Procurement Fraud; the Naval Criminal Investigative Service; the Defense Contract Audit Agency - Operations Investigative Support (OIS); the U.S. Department of Labor, Office of Inspector General; and the Department of Labor, Employee Benefits Security Administration (EBSA).

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