



DEPARTMENT OF THE AIR FORCE

ARLINGTON, VA 22203-1613

Office of the Deputy General Counsel

OCT 28 2010

VIA FEDERAL EXPRESS

SAF/GCR  
4040 N. Fairfax Drive  
Suite 204  
Arlington, VA 22203

Daren Jackson  
c/o Acquisition Strategies, LLC  


Acquisition Strategies LLC  


Re: Notice of Debarment

Ladies and Gentlemen:

By letter of September 14, 2010, the Air Force terminated the suspensions of, and initiated proceedings to debar Acquisition Strategies LLC and Daren Jackson (together, "Respondents") from contracting with the United States Government. The letter provided Respondents with an opportunity to submit information and argument in opposition to the proposed debarments. To date, Respondents have not responded to the proposed debarment notice.

Based upon the information in the administrative record in this matter, I have determined that protection of the Government's interests requires that Respondents be debarred from contracting with the United States Government. The effects of the debarments are those stated in the September 14, 2010, Notice of Proposed Debarment.

The debarments are effective immediately and continue for three years from September 14, 2010, the date Respondents were proposed for debarment. Respondents' debarments will terminate on September 13, 2013.

Sincerely,

  
STEVEN A. SHAW  
Deputy General Counsel  
(Contractor Responsibility)



DEPARTMENT OF THE AIR FORCE

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Office of the Deputy General Counsel

VIA FEDERAL EXPRESS

OCT 26 2010

SAF/GCR  
4040 N. Fairfax Drive  
Suite 204  
Arlington, VA 22203

Arnette J. Butler  
[REDACTED]

Butler Marketing and Consulting Group, Inc. (a.k.a Butler Management Services)  
c/o Arnette J. Butler  
[REDACTED]

Re: Notice of Debarment

Ladies and Gentlemen:

By letter of September 14, 2010, the Air Force terminated the suspensions of, and initiated proceedings to debar Butler Marketing and Consulting Group, Inc. (a.k.a. Butler Management Services) and Arnette J. Butler (together, "Respondents") from contracting with the United States Government. The letter provided Respondents with an opportunity to submit information and argument in opposition to the proposed debarments. To date, Respondents have not responded to the proposed debarment notice.

Based upon the information in the administrative record in this matter, I have determined that protection of the Government's interests requires that Respondents be debarred from contracting with the United States Government. The effects of the debarments are those stated in the September 14, 2010, Notice of Proposed Debarment.

The debarments are effective immediately and continue for three years from September 14, 2010, the date Respondents were proposed for debarment. Respondents' debarments will terminate on September 13, 2013.

Sincerely,

A large black rectangular redaction box covering the signature of Steven A. Shaw.

STEVEN A. SHAW  
Deputy General Counsel  
(Contractor Responsibility)



DEPARTMENT OF THE AIR FORCE

ARLINGTON, VA 22203-1613

SEP 14 2010

Office of the Deputy General Counsel

MEMORANDUM IN SUPPORT OF THE PROPOSED DEBARMENTS OF:

1CI-ALL CITIES, JV  
1CI, INC. (d.b.a. 1<sup>ST</sup> COUSINS, INC.)  
ACQUISITION STRATEGIES, LLC  
ADVANCED BUSINESS MANAGEMENT SERVICES, INC. (a/k/a ABMS)  
APM CONSTRUCTION MANAGEMENT, LLC  
APM, LLC  
APM, LLC OF ALASKA  
ARCTIC PIPE & MATERIALS, LLC  
ARNETTE J. BUTLER  
BUTLER MARKETING AND CONSULTING GROUP, INC. (a/k/a BUTLER  
MANAGEMENT SERVICES)  
CRAIG JACKSON  
DAREN JACKSON  
SANDERS CONSTRUCTION, INC.  
SANDERS ENGINEERING CO., INC.  
SANDERS MANAGEMENT SERVICES (d.b.a. SMS)  
SANDERS MANAGEMENT SERVICES CO., INC.  
SANDRA JACKSON  
SM PARTNERSHIP  
TOWNSEND JACKSON

Effective this date the Air Force has terminated the September 23, 2009, suspensions and proposed the debarments of 1CI-All Cities, JV, 1CI, Inc. (d.b.a. 1<sup>st</sup> Cousins, Inc.), APM Construction Management, LLC, APM, LLC, APM, LLC of Alaska, Acquisition Strategies, LLC, Advanced Business Management Services, Inc. (a/k/a ABMS), Arnette Butler, Butler Marketing and Consulting Group, Inc. (a/k/a Butler Management Services), Craig Jackson, Daren Jackson, Sanders Construction, Inc., Sanders Engineering Co., Inc., Sanders Management Services (d.b.a. SMS), Sanders Management Services Co., Inc., Sandra Jackson, SM Partnership, and Townsend Jackson from Government contracting and from directly or indirectly receiving the benefits of federal assistance programs. This action is initiated pursuant to Federal Acquisition Regulation (FAR) Subpart 9.4.

INFORMATION IN THE RECORD

A preponderance of evidence in the Administrative Record establishes that at all times relevant hereto:

### Relevant Individuals

1. Craig Jackson is the President and Treasurer of Sanders Engineering Co., Inc., a Yorba Linda, California-based company, and held titles, positions of responsibility and/or had substantial influence with a number of additional companies including but not limited to 1CI-All Cities, JV, 1CI, Inc. (d.b.a. 1<sup>st</sup> Cousins, Inc.), APM Construction Management, LLC, APM, LLC, APM, LLC of Alaska, Acquisition Strategies, LLC, Advanced Business Management Services, Inc. (a/k/a ABMS), Butler Marketing and Consulting Group, Inc. (a/k/a Butler Management Services), Sanders Construction, Inc., Sanders Management Services (d.b.a. SMS), Sanders Management Services Co., Inc., and SM Partnership.
2. Townsend Jackson was CEO of APM, LLC, also located in Yorba Linda, California. Townsend Jackson is Craig Jackson's brother.
3. Arnette J. Butler is the Principal of an elementary school in Virginia. Butler is also the President of Butler Consulting and Marketing Group, Inc. (a/k/a Butler Management Services), headquartered in Butler's home in Virginia. Butler is also the sister of Craig and Townsend Jackson. Butler represented that she does no work for her company other than to deposit checks and that Craig Jackson manages the company.
4. Sandra Jackson is the Executive Vice President and Secretary of Sanders Engineering Co., Inc. and the wife of Craig Jackson.
5. Daren Jackson is the son of Craig Jackson. Daren Jackson is listed as the co-founder and titular head of Acquisition Strategies, LLC, a company that is co-owned by Craig Jackson. Craig Jackson controls the day-to-day operations of Acquisition Strategies, LLC.

### Relevant Companies

6. APM, LLC, Arctic Pipe and Materials, LLC, APM Construction Management, LLC, and APM, LLC of Alaska (collectively, APM) are various corporate and operating names of a subsidiary of an Alaska Native Corporation (ANC). Although set up to appear to be distinct corporate entities, in reality, APM is a singular business entity.<sup>1</sup> APM's parent company has acknowledged that APM's actions provided a sufficient basis for administrative action.
7. 1CI, Inc. (d.b.a. 1<sup>st</sup> Cousins, Inc.) is another subsidiary of APM's ANC parent company. 1CI-All Cities, JV is a joint venture over which 1CI, Inc. exercises control sufficient to qualify as an affiliate of 1CI, Inc. pursuant to FAR Subpart 9.403 (Affiliates). 1CI, Inc.'s parent company has acknowledged that 1CI, Inc.'s actions provided a sufficient basis for administrative action.

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<sup>1</sup> Under the Jacksons' watch, as APM expanded, each office was set up with different corporate identification, including DUNS number and CAGE codes and, occasionally, slightly different operating names. Counsel for APM's parent company has represented that, viewed in hindsight, there was no legitimate business reason for doing so.

8. Acquisition Strategies, LLC, Advanced Business Management Services, Inc. (a/k/a ABMS), Butler Marketing and Consulting Group, Inc. (a/k/a Butler Management Services), Sanders Construction, Inc., Sanders Engineering Co., Inc., Sanders Management Services (d.b.a. SMS), Sanders Management Services Co., Inc., and SM Partnership (collectively, Sanders Entities), provided extensive services to U.S. Small Business Administration (SBA) 8(a) Program company clients, including marketing, proposal development, accounting, bookkeeping, payroll services, complete financial management<sup>2</sup>, bonding, financial support, customer relationship management, contract management, shared office space, staffing assistance, and leasing personnel. These services were provided pursuant to teaming agreements, business services agreement, management services agreements, and marketing agreements between the Sanders Entities and their clients. Taken together, these standard form agreements had the effect of turning over substantially all operations of Sanders Entities' 8(a) Program client companies to the Sanders Entities.

### The Misconduct

9. The agreements between the Sanders entities and their 8(a) Program company clients were structured to conceal the substantial and direct role of Craig Jackson and his affiliates in the daily operations of the Sanders Entities' 8(a) Program clients. For example, many of the Sanders Entities used dual- or multiple-hatted employees so they appeared to work for ANC-owned entities such as APM rather than for Sanders Entities. The justifications for use of the front companies and the multiple-hatting of employees evidenced in the Administrative Record include, but are not limited to:

- a. actively concealing from the SBA relationships among Sanders Entities and 8(a) Program client companies in order for the client companies to enjoy continued eligibility for hundreds of millions of dollars in 8(a) Program set-aside contracts<sup>3</sup>; and,
- b. structuring business relationships in order to appear to operate at the edges of permissible behavior under the 8(a) Program (e.g., making business relationships appear to be with ANC-owned APM and/or 1CI in order to take advantage of special ANC-related rules for the 8(a) Program and then later instruct Sanders Entity employees to deny ever having any association with APM; or using semantic differences in agreement terminology to provide a rationale for failing to disclose the agreements to the SBA).

10. Craig Jackson established a bank account in the name of a Sanders Entity client, called a "slush" account by at least one prominent, former Sanders Entity employee. For years, up to 2009, slush account bank statements were delivered to the owner of the Sanders Entity client,

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<sup>2</sup>The Administrative Record establishes the degree of financial control to include control over check-writing, control over bank accounts, and control over financial accounting and reporting functions to such a degree that, in certain cases, client companies had little visibility into their finances and were surprised by the unexplained sums of money flowing into and out of their bank accounts.

<sup>3</sup> The Sanders Entities benefitted from these contracts as well, including by receiving substantial portions of contract revenues, often up to and exceeding 50 percent.

who then delivered the unopened statements to Craig Jackson every month. The slush account was used in part to provide additional, unreported, monthly cash payments to Sanders Entity employees and to Jackson family members. These “under the table” payments constitute undeclared tax liabilities, and evidence a lack of present responsibility.

11. Many of the Sanders Entities and their clients gained expertise and favorable reputations competing for, winning, and then performing Simplified Acquisition of Base Engineering Requirement (SABER) contracts. In order to win SABER contracts, Sanders Entity clients had to submit contract and task order proposals. At a majority of Air Force bases, elements of these proposals were evaluated by software from a Colorado-based vendor. Despite the conflict of interest, for at least five years, until 2009, Sanders Engineering Co., Inc., kept the owner of that software vendor on Sanders Engineering’s payroll, paying between \$1,500 and \$2,000 weekly (between \$78,000 and \$104,000 per year) in exchange for 40 hours of work per week. The owner of the software vendor was not co-located with any Sanders Entity, did not submit timely timesheets, and there are no records of those 40 hours per week of work ever having been performed.

12. Sanders Entity executives would shift large sums – occasionally more than \$1 million – between bank accounts of various Sanders Entity clients for short periods of time without any apparent explanation or business purpose and without the knowledge of the client company.

#### BASES FOR THE PROPOSED DEBARMENTS

1. The improper conduct of the Sanders Entities, 1CI-All Cities, JV, 1CI, Inc. (d.b.a 1<sup>st</sup> Cousins, Inc.), APM Construction Management, LLC, APM, LLC, APM, LLC of Alaska, Arnette Butler, Craig Jackson, Daren Jackson, Sandra Jackson, and Townsend Jackson is of so serious or compelling a nature that it affects their present responsibility to be Government contractors or subcontractors and provides a basis for each of their debarments pursuant to FAR 9.406-2(c).

2. Pursuant to FAR 9.406-5(a), the improper conduct of Craig Jackson, Sandra Jackson and Townsend Jackson is imputed to the Sanders Entities and APM Construction Management, LLC, APM, LLC, and, APM, LLC of Alaska because their improper conduct occurred in connection with the performance of duties for or on behalf of the Sanders Entities and APM Construction Management, LLC, APM, LLC, and, APM, LLC of Alaska or with the knowledge, approval, or acquiescence of the Sanders Entities and APM Construction Management, LLC, APM, LLC, and, APM, LLC of Alaska. The imputation of Craig Jackson, Sandra Jackson and Townsend Jackson’s conduct provides a separate and independent basis for the debarments of the Sanders Entities and APM Construction Management, LLC, APM, LLC, and, APM, LLC of Alaska.

3. Pursuant to FAR 9.406-5(b), the improper conduct of the Sanders Entities and APM Construction Management, LLC, APM, LLC, and, APM, LLC of Alaska is imputed to Craig Jackson, Sandra Jackson, Townsend Jackson, Daren Jackson and Arnette Butler because as officers, directors, shareholders, partners, employees or other persons associated with the Sanders Entities and APM Construction Management, LLC, APM, LLC, and, APM, LLC of Alaska, they knew or had reason to know of the improper conduct of Sanders Entities and APM

Construction Management, LLC, APM, LLC, and, APM, LLC of Alaska. The imputation of the conduct of the Sanders Entities and APM Construction Management, LLC, APM, LLC, and, APM, LLC of Alaska to Craig Jackson, Sandra Jackson, Townsend Jackson, Daren Jackson and Arnette Butler provides a separate and independent basis for the debarments of Craig Jackson, Sandra Jackson, Townsend Jackson, Daren Jackson and Arnette Butler.

4. Pursuant to FAR 9.406-1(b), debarments may be extended to the affiliates of a contractor.<sup>4</sup> Craig Jackson and Sandra Jackson are affiliates of the Sanders Entities and APM Construction Management, LLC, APM, LLC, and, APM, LLC of Alaska, because directly or indirectly, Craig Jackson and Sandra Jackson have power to control the Sanders Entities and APM Construction Management, LLC, APM, LLC, and, APM, LLC of Alaska. The affiliation of Craig Jackson, Sandra Jackson and the Sanders Entities and APM Construction Management, LLC, APM, LLC, and, APM, LLC of Alaska provides a separate and independent basis for each of their debarments.

5. Pursuant to FAR 9.406-1(b), debarments may be extended to the affiliates of a contractor. Townsend Jackson is an affiliate of APM Construction Management, LLC, APM, LLC, and, APM, LLC of Alaska, because directly or indirectly, Townsend Jackson had the power to control APM Construction Management, LLC, APM, LLC, and, APM, LLC of Alaska. The affiliation of Townsend Jackson and APM Construction Management, LLC, APM, LLC, and, APM, LLC of Alaska provides a separate and independent basis for each of their debarments.

6. Pursuant to FAR 9.406-1(b), debarments may be extended to the affiliates of a contractor. Daren Jackson is an affiliate of Acquisition Strategies, LLC, because directly or indirectly, Daren Jackson has the power to control Acquisition Strategies, LLC. The affiliation of Daren Jackson and Acquisition Strategies, LLC, provides a separate and independent basis for each of their debarments.

7. Pursuant to FAR 9.406-1(b), debarments may be extended to the affiliates of a contractor. Arnette Butler and Butler Marketing and Consulting Group, Inc. (a/k/a Butler Management Services) are affiliates, because directly or indirectly, Arnette Butler has the power to control Butler Marketing and Consulting Group, Inc. (a/k/a Butler Management Services). The affiliation of Arnette Butler and Butler Marketing and Consulting Group, Inc. (a/k/a Butler Management Services) provides a separate and independent basis for each of their debarments.

8. Pursuant to FAR 9.406-1(b), debarments may be extended to the affiliates of a contractor. APM Construction Management, LLC, APM, LLC, and, APM, LLC of Alaska are affiliates of 1CI-All Cities, JV and 1CI, Inc., because a third party controls or has the power to control each

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<sup>4</sup> "Affiliates" is used in the context of the Federal Acquisition Regulation's suspension and debarment procedures only, and is not intended to constitute a finding of affiliation under Small Business Administration regulations.

entity. The affiliation of APM Construction Management, LLC, APM, LLC, APM, LLC of Alaska, 1CI-All Cities, JV and 1CI, Inc. provides a separate and independent basis for each of their debarments.



STEVEN A. SHAW  
Deputy General Counsel  
(Contractor Responsibility)