



THE UNITED STATES
DEPARTMENT *of* JUSTICE

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Friday, November 7, 2014

**Former United States Navy Military Sealift Command Contractor and Co-Founder of
Government Contracting Company Sentenced to Prison**

A former contractor for the U.S. Navy Military Sealift Command (MSC) and a co-founder of a Chesapeake, Virginia, government contracting company were sentenced today for their roles in a scheme to bribe and provide illegal gratuities to public officials to secure lucrative military contracts.

Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division, U.S.

Attorney Dana J. Boente of the Eastern District of Virginia, Special Agent in Charge Royce E. Curtin of the FBI's Norfolk Office, Executive Assistant Director Charles T. May Jr. of the Naval Criminal Investigative Service (NCIS), and Special Agent in Charge Robert E. Craig, Jr. of the Defense Criminal Investigative Service (DCIS) Mid-Atlantic Field Office made the announcement. United States District Judge Rebecca Beach Smith of the Eastern District of Virginia imposed the sentences.

Scott B. Miserendino Sr., 55, of Stafford, Virginia, and Timothy S. Miller, 58, of Chesapeake, Virginia, were sentenced to serve 96 months in prison and 24 months in prison, respectively. Miserendino was also ordered to forfeit \$212,000 and Miller was ordered to forfeit \$167,000. Miller was also ordered to pay a fine of \$25,000. In August 2014, Miserendino pleaded guilty to one count of conspiracy to commit bribery and one count of bribery, and Miller pleaded guilty to providing illegal gratuities to Miserendino and Kenny E. Toy, the former Afloat Programs Manager for the N6 Command, Control, Communication, and Computer Systems Directorate.

According to admissions in his plea agreement, Miserendino was a government contractor at the MSC, which is the leading provider of transportation for the U.S. Navy. In that position, Miserendino worked closely with Toy, who exercised substantial influence over the MSC contracting process. In November 2004, Miserendino and Toy initiated a bribery scheme that spanned five years, involved multiple co-conspirators, including two companies, and resulted in Miserendino and Toy receiving more than \$265,000 in cash, among other things of value, in exchange for official acts in connection with the award of MSC contracts.

Specifically, Miserendino and Toy solicited cash from co-conspirators, including a \$50,000 cash payment from Miller and his business partner, Dwayne A. Hardman, to influence the award of government contracts. Miserendino admitted that he and Toy also accepted other things of value in exchange for official acts, including a vacation rental, laptop computers, flat screen televisions, a football helmet signed by Troy Aikman, a wine refrigerator and softball bats.

According to Miller's admissions, during the scheme, his company received approximately \$2.5 million in business from the MSC, despite its limited record of past performance in the industry. Miserendino and Toy also directed \$3 million in business from MSC to another company run by other co-conspirators.

After the cash payments were delivered, Miller admitted that he directed the creation of a false promissory note disguising the illegal gratuities as a personal loan to another individual. Miserendino also admitted to engaging in a scheme to conceal his criminal activity by arranging for more than \$85,000 to be paid to Hardman in an attempt to dissuade him from reporting the bribery scheme to law enforcement authorities.

Earlier this year, five other individuals pleaded guilty and were sentenced in connection with the bribery scheme:

- Toy pleaded guilty to bribery and was sentenced to eight years in prison and ordered to forfeit \$100,000;
- Hardman pleaded guilty to bribery and was sentenced to eight years in prison and ordered to forfeit \$144,000;
- Michael P. McPhail pleaded guilty to conspiracy to commit bribery and was sentenced to three years in prison and ordered to forfeit \$57,000;
- Roderic J. Smith pleaded guilty to conspiracy to commit bribery and was sentenced to four years in prison and ordered to forfeit \$175,000; and
- Adam C. White pleaded guilty to conspiracy to commit bribery and was sentenced to two years in prison and ordered to forfeit \$57,000.

The case was investigated by the FBI, NCIS and DCIS, and prosecuted by Trial Attorney Emily Rae Woods of the Criminal Division's Public Integrity Section and Assistant U.S. Attorney Stephen W. Haynie of the Eastern District of Virginia.