



Department of Justice

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Co-Founder of Government Contracting Company Pleads Guilty to Illegal Gratuity Charge

FOR IMMEDIATE RELEASE

Thursday, August 14, 2014

Timothy S. Miller, 58, a co-founder of a Chesapeake, Virginia, government contracting company, pleaded guilty today to providing illegal gratuities to two public officials working for the United States Navy Military Sealift Command.

Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division, United States Attorney Dana J. Boente of the Eastern District of Virginia, Special Agent in Charge Robert Craig of the Defense Criminal Investigative Service (DCIS) Mid-Atlantic Field Office, Special Agent in Charge Susan Triesch of the Naval Criminal Investigative Service (NCIS) Norfolk Field Office, and Special Agent in Charge Royce E. Curtin of the FBI Norfolk Field Office made the announcement today after Miller's guilty plea was accepted by United States Magistrate Judge Lawrence R. Leonard of the Eastern District of Virginia.

According to a statement of facts filed with the plea agreement, in February 2009, Miller, along with his business partner, Dwayne A. Hardman, co-founded a government contracting company that provided telecommunications support to the Military Sealift Command, which is the leading provider of transportation for the U.S. Navy.

At the plea hearing, Miller admitted that he provided illegal gratuities to two officials at the Military Sealift Command for favorable official acts. In particular, he admitted that on May 12, 2009, he gave \$30,000 in cash to Kenny E. Toy, the former Afloat Programs Manager for the Military Sealift Command's N6 Command, Control, Communication, and Computer Systems Directorate, and Scott B. Miserendino Sr., a government contractor who worked with Toy at the Military Sealift Command Headquarters. He also admitted that just two days after giving Toy and Miserendino the \$30,000, he agreed that Hardman should give Toy and Miserendino an additional \$20,000.

According to Miller's statement of facts, Toy exercised substantial influence over the Military Sealift Command contracting process by creating and executing multi-million dollar budgets, obtaining funding for projects, developing and having access to sensitive information, and requesting that subcontract work be awarded to particular companies. As a result of the \$50,000 payment, Miserendino and Toy performed various official acts to assist Miller's company. Indeed, in 2009, Miller's company received approximately \$2.5 million in business from the Military Sealift Command.

As a condition of his plea agreement, Miller has agreed to forfeit \$167,000. Miller is scheduled to be sentenced on November 7, 2014.

Earlier this year, five other individuals pleaded guilty in connection with the bribery scheme. On February 12, 2014, Toy pleaded guilty to bribery, and he was sentenced on July 29, 2014, to serve 96 months in prison and ordered to forfeit \$100,000. On February 18, 2014, Hardman pleaded guilty to bribery, and he was

sentenced on July 9, 2014, to serve 96 months in prison and ordered to forfeit \$144,000. On February 19, 2014, Michael P. McPhail pleaded guilty to conspiracy to commit bribery, and he was sentenced on August 5, 2014, to serve 36 months in prison and ordered to forfeit \$57,000. On March 5, 2014, Roderic J. Smith pleaded guilty to conspiracy to commit bribery, and he was sentenced on June 23, 2014, to serve 48 months in prison and ordered to forfeit \$175,000. On April 4, 2014, Adam C. White pleaded guilty to conspiracy to commit bribery, and he was sentenced on July 11, 2014, to serve 24 months in prison and ordered to forfeit \$57,000.

The case was investigated by the FBI, NCIS and DCIS. The case was 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.