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**Virginia Businessman Pleads Guilty to Federal Money Laundering Charge
in Investigation of Federal Government Contracts
*Defendant Submitted Nearly \$10 Million
in Fictitious Invoices and is Among Six to Plead Guilty
in Probe Involving U.S. Army Corps of Engineers***

WASHINGTON - James Edward Miller, 64, the owner of a Virginia-based construction management company, pled guilty today to a federal charge of conspiracy to commit money laundering in connection with an ongoing investigation into the awarding of millions of dollars of contracts by the U.S. Army Corps of Engineers.

The plea was announced by U.S. Attorney Ronald C. Machen Jr.; James W. McJunkin, Assistant Director in Charge of the FBI's Washington Field Office; Eric Hylton, Acting Special Agent in Charge of the Washington Field Office of the Internal Revenue Service-Criminal Investigation (IRS-CI), Peggy E. Gustafson, Inspector General for the Small Business Administration (SBA); Robert E. Craig, Special Agent in Charge of the Mid-Atlantic Field Office of the Defense Criminal Investigative Service (DCIS), and Major General David E. Quantock, the Commanding General of the U.S. Army Criminal Investigation Command (CID).

Miller, formerly of Virginia Beach, Va., pled guilty in the U.S. District Court for the District of Columbia. A sentencing date has not been set. The charge carries up to 20 years in prison as well as potential fines and an order of restitution. As part of the plea agreement, Miller must forfeit a money judgment of \$4,055,063 and forfeit specific property, including bank account funds, a property in Virginia Beach, three vehicles, and diamond rings and other jewelry.

Miller is the sixth person to plead guilty to charges stemming from an investigation into a scheme that unfolded from 2007 to 2011. It allegedly involved two former managers for the U.S. Army Corps of Engineers, various businesses and executives, more than \$20 million in bribes and kickback

payments, and the planned steering of a government contract that potentially was worth about \$1 billion.

Miller's role in the crimes is described in a statement of offense that he signed as part of his plea agreement. Miller was the owner of Big Surf Construction Management LLC, a company based in Virginia Beach that was involved in residential and commercial construction projects. He was a close friend of another businessman, Harold Babb, the director of contracts at Eyak Technology (EyakTek), a business with an office in Dulles, Va.

In 2008, Babb proposed that Miller use Big Surf to obtain government contracts awarded by the U.S. Army Corps of Engineers. Under the plan, Big Surf would be hired by EyakTek as a subcontractor. Initially unbeknownst to Miller, Babb was already involved in a conspiracy with, among others, Kerry F. Khan, then a program manager for the U.S. Army Corps of Engineers, and Ananke LLC, a company that was controlled by Khan.

The statement of offense identifies three subcontracts awarded and paid by EyakTek to Big Surf in 2008 and 2009, totaling more than \$8 million. Of this money, Big Surf channeled more than \$3.6 million from the first two subcontracts to Ananke. According to the statement of offense, Babb directed Miller to pay another \$2.9 million, from the third subcontract, to Ananke. However, Miller allegedly reneged on the plan and Big Surf kept the money. As a result, a fourth intended subcontract, worth about \$1.9 million, was cancelled.

In the early stages, according to the statement of offense, Miller believed that Ananke was actually providing services for the money. However, by the time of the second contract, he knew that Ananke was not providing services to EyakTek or the Army Corps of Engineers. He also understood that Babb was using his position at EyakTek to facilitate the award of orders to Big Surf in exchange for payments from Big Surf directly and indirectly to Babb.

Indeed, during the scheme, Miller and Big Surf provided a number of benefits to Babb, including cash payments, an investment in real estate and money for a Porsche.

Babb, 60, pled guilty in March 2012 to federal charges of bribery and unlawful kickbacks. He is awaiting sentencing. Khan, 54, was indicted in September 2011 on one count of conspiracy to commit bribery and wire fraud and aiding and abetting and causing an illegal act to be done, as well as one count of bribery and one count of conspiracy to commit money laundering. He pled not guilty.

In the overall investigation, to date, the United States has seized for forfeiture or recovered approximately \$7.2 million in bank account funds, cash, and repayments, 19 real properties, six luxury cars, and multiple pieces of fine jewelry.

In announcing the plea, U.S. Attorney Machen, Assistant Director McJunkin, Acting Special Agent in Charge Hylton, Inspector General Gustafson, Special Agent in Charge Craig, and Major General Quantock thanked those who investigated the case from the FBI's Washington Field Office; the Washington Field Office of the Internal Revenue Service-Criminal Investigation; the Office of the Inspector General for the Small Business Administration; the Department of Defense's Defense

Criminal Investigative Service; the Defense Contract Audit Agency; and the Army Criminal Investigation Command. They also expressed thanks to the U.S. Marshals Service for its assistance on the forfeiture matter.

They also praised the efforts of those who worked on the case from the U.S. Attorney's Office, including Assistant U.S. Attorneys Michael K. Atkinson and Bryan Seeley of the Fraud and Public Corruption Section and Assistant U.S. Attorney Anthony Saler of the Asset Forfeiture and Money Laundering Section. Finally, they expressed thanks for assistance provided by former Special Assistant U.S. Attorney Christopher Dana; Forensic Accountant Maria Boodoo; Paralegal Specialists Tasha Harris, Shanna Hays, Taryn McLaughlin, Sarah Reis, Christopher Samson, and Nicole Wattetet, and Legal Assistant Krishawn Graham.