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Former Army Contracting Officials Sentenced for Filing False Tax Returns and Filing False Financial Ethics Disclosure Forms

Velma I. Salinas-Nix and Kenneth H. Nix, of Boerne, Texas, were sentenced today to serve 20 months in prison and 30 months in prison, respectively, for filing false tax returns and making false statements to the U.S. Army by filing false financial ethics disclosure forms, the Justice Department announced. On Jan. 22, 2014, Kenneth Nix pleaded guilty to one count of filing a false federal income tax return. The next day, Velma Salinas-Nix pleaded guilty to one count of filing a false tax return and one count of making false statements. The Nixes were each ordered to pay \$153,248 in restitution.

According to court documents, Velma Salinas-Nix was a senior civilian official of the U.S. Department of the Army. During the relevant period, she was the Deputy Director and Alternate Principal Assistant Responsible for Contracting (Deputy PARC) for ACA - Americas (also known as the 410th Contracting Support Brigade) in San Antonio with influence over and responsibility for the disbursement of millions of dollars in Army funds for the procurement of goods and services. Previously, she was the Chief of Contracting for the Chicago District for the U.S. Army Corps of Engineers. During parts of 2004 and 2005, Kenneth Nix also worked for the Army as the Chief of Contracting for the U.S. Military Group in Bogota, Colombia, and during parts of 2008 and 2009, as Chief of Staff of the Mission and Installation Contracting Command in San Antonio.

According to court documents, from 2000 through at least 2009, Kenneth Nix had a working relationship with Person A, the president and CEO of Company A, a federal contractor. During this period, Kenneth Nix received at least \$500,000 in gross income for federal contracting related work he performed. Kenneth Nix directed that he be kept off Company A's books and he received payment in multiple forms, including cash, blank money orders, checks, home improvements of the couple's residences, paid housing and parking, plumbing supplies and use of a debit card. Most of the income was deposited into joint bank accounts the Nixes controlled. In at least two instances, Velma Salinas-Nix deposited blank money orders that her husband received from Company A for \$25,000 each into her bank account. In order to conceal the true source of the money orders, she falsely wrote the name and initials of her mother in the remitter field.

According to court documents, the Nixes also received gifts of substantial value from Person A between 2000 and 2009, knowing that Person A and Company A had received and were seeking Army contracts and that Kenneth Nix worked for Company A. These gifts included, among other things, a Rolex watch, a pearl bracelet, a trip for the Nixes to Panama with Person A, custom architectural drawings and a \$5,000 Home Depot gift card. In October 2009, Velma Salinas-Nix participated in a voluntary interview with federal agents, during which she knowingly provided false information by denying her husband's receipt of income from Company A, the existence of large money orders provided by Company A and her receipt of gifts from Person A during the relevant period.

According to court documents, from 2004 through 2009, Velma Salinas-Nix also willfully signed and submitted materially false financial ethics disclosure forms, known as Office of Government Ethics Forms 450 (OGE-450 Form), to the Army. She knowingly omitted all of the income and gifts from Company A and Person A on these forms. In 2004 and 2009, Kenneth Nix willfully signed and submitted materially false OGE-450 Forms to the Army on which he knowingly omitted all income from Company A. Both Nixes provided non-public Army

contracting information to Company A and awarded Company A with contracts from their Army positions. For tax years 2000 through 2004, and 2006 through 2008, the Nixes willfully filed false joint federal income tax returns omitting all income Kenneth Nix received from Company A.

The case was investigated by the Department of the Army-Criminal Investigation Division, IRS-Criminal Investigation, the FBI and the Defense Criminal Investigative Service. Trial Attorney Rebecca Perlmutter for the Tax Division and Trial Attorneys Mary Strimel and Richard A. Hellings for the Antitrust Division are prosecuting the case.