

United States Attorney's Office
District of Columbia

United States Department of Justice

FOR IMMEDIATE RELEASE
Thursday, September 13, 2012

For Information Contact:
Public Affairs
(202) 252-6933
<http://www.justice.gov/usao/dc/index.html>

**Former U.S. Army Corps of Engineers Manager
Sentenced to Six Years in Prison in Bribery and Kickback Scheme
Scam Involved Steering Government Contracts
In Exchange For More Than \$30 Million in Bribe and Kickback Payments;**

WASHINGTON - Michael A. Alexander, 56, a former program manager for the U.S. Army Corps of Engineers, was sentenced today to six years in prison for taking more than \$1.25 million in bribes as part of a scheme in which corrupt public officials steered government contracts in exchange for more than \$30 million in bribe and kickback payments.

Alexander, formerly of Woodbridge, Va., is among 11 people who have pled guilty to federal charges for their roles in the largest domestic bribery and bid-rigging scheme in the history of federal contracting. At the time of his arrest, he and others were actively conspiring to steer the award of a planned \$1 billion federal contract in exchange for money and other benefits. Alexander is the first of the defendants to be sentenced in the case.

The sentence was announced by U.S. Attorney Ronald C. Machen Jr.; James W. McJunkin, Assistant Director in Charge of the FBI's Washington Field Office; Rick A. Raven, 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 Frank Robey, Director of the U.S. Army Criminal Investigation Command's Major Procurement Fraud Unit (MPFU).

Alexander pled guilty in February 2012 to charges of bribery and conspiracy to commit money laundering. He was sentenced by the Honorable Emmet G. Sullivan in the U.S. District Court for the District of Columbia. In addition to the prison time, he was ordered to pay \$1.25 million in restitution and a \$1.25 million forfeiture money judgment. Upon completion of his prison term, Alexander will be placed on three years of supervised release. During the first two years of his supervised release, he must perform 500 hours of community service.

Alexander and another former program manager for the Army Corps of Engineers, Kerry F. Khan, were at the forefront of the conspiracy. Khan, 54, pled guilty in May 2012, to charges of bribery and conspiracy to commit money laundering. He is awaiting sentencing.

The investigation is continuing. In the overall investigation, to date, the United States has seized for forfeiture or recovered approximately \$7.5 million in bank account funds, cash, and repayments, 19 real properties, six luxury cars, and multiple pieces of fine jewelry.

"Michael Alexander flagrantly abused his government position to enrich himself, cheating the taxpayer out of money meant to support our troops," said U.S. Attorney Machen. "After diverting our tax dollars to buy a South Korean coffee shop and to pay prostitutes, he then tried to rig a \$1 billion contract. Thanks to an aggressive law enforcement effort, Alexander and his co-conspirators were stopped before they could do any more harm. This case demonstrates the vigilance necessary to protect the American taxpayers from public officials who put their own selfish interests before the nation's needs."

“For years, Mr. Alexander participated in a bribery and kickback scheme that defrauded our government and American taxpayers for his own personal gain,” said Assistant Director in Charge McJunkin. “Today’s sentencing represents the FBI’s resolve to bring those who commit fraud and erode the public’s confidence in our government to justice. Together with our partner agencies we will continue to identify and prosecute those responsible for such criminal activity.”

“Public trust is broken when public officials commit crimes,” said Special Agent in Charge Raven. “Today’s sentencing is a reminder that status as a public official will not protect you from federal prosecution or imprisonment.”

“The consequence to those who betray the trust of their country and colleagues in exchange for bribe payments is evident by today’s announcement,” said Inspector General Gustafson. “Michael Alexander was part of an extraordinary conspiracy to defraud the government, and I am pleased that he has accepted responsibility for his actions. I want to thank the U.S. Attorney’s Office, the Federal Bureau of Investigation, and our law enforcement partners for their commitment to seek justice on behalf of the American taxpayer.”

“The Defense Criminal Investigative Service remains fully committed and focused on uncovering and rooting out corruption and fraud that impacts the DoD procurement process,” said Special Agent in Charge Craig. “Government employees in positions of trust will be held accountable when they take actions, particularly procurement actions, that are not in the best interests of the Department of Defense, the Warfighter, and the U.S. taxpayer. Today’s sentence is a clear message that no one is above the law, and corrupt actions will be met with serious consequences.”

Alexander worked for the United States Army and the Army Corps of Engineers from 1979 until the time of his arrest, in October 2011. According to the government’s evidence, he was a program manager at the time of his arrest for the Army Corps of Engineers’s Directorate of Contingency Operations. In that position, he had authority, among other things, to obtain funding for Army Corps of Engineers projects, including money for projects and programs placed through federal government contracts. He also was responsible for developing requirements for projects and programs. Alexander produced and actively managed a \$54 million budget.

The scheme involved the Army Corps of Engineers and two contracts: the Technology for Infrastructure, Geospatial, and Environmental Requirements (TIGER) contract and the Contingency Operations Readiness Engineering & Support (CORES) contract.

The TIGER contract was used by authorized federal government agencies and departments to purchase products and services. It is what is known as an Indefinite Delivery/Indefinite Quantity contract. Authorized agencies and departments are not required to obtain three separate bids or to compare the TIGER contract to another contract before submitting an invoice for products and services through the TIGER contract.

The CORES contract was a planned contract, envisioned as an alternative or potential replacement to the TIGER contract. As planned, the CORES contract would be a five-year contract with an award potential for all contracts placed under it of up to \$1 billion. As a result of the investigation, which disrupted the ongoing bid-rigging scheme, the CORES contract was not issued for solicitation to potential prime contractors.

In his guilty plea, Alexander admitted to carrying out the bribery scheme with others. They included his colleague, Kerry Khan; Harold F. Babb, the former director of contracts at Eyak Technology LLC (EyakTek), an Alaska Native-owned small business; Robert L. McKinney, the president of Alpha Technology Group, Inc., a provider of program management services, and Alex N. Cho, the former chief technology officer of Nova Datacom, LLC, a provider of information assurance and security services to federal agencies and commercial companies. Like Khan, Babb, McKinney and Cho have pled guilty to federal charges in the case, and all are awaiting sentencing.

According to the government’s evidence, in or around 2007, Alexander, Khan and Babb agreed to work together to obtain government contracts for corrupt contractors who would reward them with bribes. EyakTek was the prime contractor for the TIGER contract and was used as a vehicle for the scheme. Khan had authority, among other

things, to place orders for products and services for the Army Corps of Engineers through government contracts, including the TIGER contract, and to certify that the work on the contracts had been completed.

Khan directed subcontractors to submit fraudulently inflated subcontracts to EyakTek for equipment and services.

From the spring of 2007 through October 2011, Alexander was paid, directly and indirectly, over \$1.25 million through the bribery scheme, as follows:

-- From May 2007 through October 2008, the Army Corps of Engineers awarded contracts and sub-contracts to Alpha Technology, totaling about \$1,877,000. McKinney paid Khan a portion of the money that was received, and Khan provided Alexander with \$99,100.

-- From May 2007 through October 2011, the Army Corps of Engineers awarded contracts and sub-contracts to Nova Datacom totaling more than \$45 million. All told, Alexander took bribe payments of more than \$1.15 million from Nova Datacom and Cho. He used the money, among other things, to buy a coffee shop and a car in South Korea for a female friend, buy worthless stock, and pay prostitutes. In addition to these benefits, Cho also promised Alexander future employment at Nova Datacom and \$320,000 in additional payments.

The scheme involving the CORES contract was unraveled with the arrests of Alexander, Khan and Babb last fall. According to the government's evidence, Khan, Alexander, Babb and Cho agreed to steer the award of the CORES contract to Nova Datacom.

The six others who have pled guilty include Lee Khan, Kerry Khan's son; Nazim Khan, Kerry Khan's brother; Theodoros Hallas, who also worked for Nova Datacom; James Edward Miller, the owner of Big Surf Construction Management LLC; Nick Park, a former employee of Nova Datacom who later opened his own business, Unisource Enterprise Inc. (UEI), and Larry G. Corbett, the owner of Core Technology LLC and Enterprise Technical Solutions, Inc. All are awaiting sentencing.

In announcing the sentence, U.S. Attorney Machen, Assistant Director in Charge McJunkin, Inspector General Gustafson, Special Agent in Charge Craig, Special Agent in Charge Raven, and Director Robey thanked those who investigated the case from the FBI's Washington Field Office; 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; the Washington Field Office of the Internal Revenue Service-Criminal Investigation, 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, Lenisse Edloe, Shanna Hays, Taryn McLaughlin, Sarah Reis, Christopher Samson, and Nicole Wattelet, and Legal Assistants Krishawn Graham and Jessica McCormick.