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**Former Business Executive Sentenced to 87 Months in Prison
In Bribery and Kickback Scheme
*Defendant Stole More Than \$9 Million Through False Invoices
To the U.S. Army Corps of Engineers; Two Others Sentenced This Week***

WASHINGTON - Harold F. Babb, 61, the former director of contracts at Eyak Technology LLC (EyakTek), was sentenced today to 87 months in prison on federal charges stemming from a scheme in which he stole more than \$9 million from the United States by submitting invoices to the U.S. Army Corps of Engineers for services that were not provided.

Babb is among three people sentenced this week for taking part in the largest domestic bribery and bid-rigging scheme in the history of federal contracting. All told, corrupt public officials agreed to steer government contracts in exchange for more than \$30 million in bribe and kickback payments. Twelve people have pled guilty to charges. The investigation is continuing.

The sentencings were 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).

Babb and the other two defendants were sentenced in the U.S. District Court for the District of Columbia by the Honorable Emmet G. Sullivan.

In addition to the prison term, Babb must forfeit \$689,342, representing his proceeds from the scheme, including more than \$200,000 in cash and bank account funds and the value of properties in Sterling, Va., and Virginia Beach, Va., and a 2007 Porsche.

James Edward Miller, 64, of Virginia Beach, Va., the owner of Big Surf Construction Management LLC, was sentenced on Oct. 16, 2012, to 70 months in prison. Miller also 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.

Robert L. McKinney, 52, of Waldorf, Md., the president of Alpha Technology Group, was sentenced on Oct. 17, 2012, to 33 months in prison. McKinney also must forfeit \$246,000, representing the illegal proceeds he retained from the crime. In addition, he must pay \$984,664 in restitution to the federal government.

Upon completion of their prison terms, all three defendants will be placed on three years of supervised release.

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.

Babb, formerly of Sterling, Va., pled guilty in March 2012 to charges of bribery and unlawful kickbacks.

According to a statement of offense signed by Babb as well as the government, he was the director of contracts at EyakTek, an Alaska Native-owned small business with an office in Dulles, Va., from 2006 until his arrest in October 2011. He admitted participating in a scheme, starting in 2008, involving 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. The CORES contract was a planned contract, envisioned as an alternative or potential replacement to the TIGER contract.

In his guilty plea, Babb admitted to carrying out the scheme with others. They included Kerry F. Khan and Michael A. Alexander, who at the time were program managers with the Army Corps of Engineers; Alex N. Cho, the former chief technology officer of Nova Datacom, LLC, based in Chantilly, Va., a provider of information assurance and security services to federal agencies and commercial companies; and Miller, of Big Surf Construction, a firm based in Virginia Beach that was involved in residential and commercial construction projects.

The bribery charge stems from Babb's payments and promises to Khan in return for Khan's approval on contracts and subcontracts awarded through the Army Corps of Engineers to EyakTek and Big Surf Construction Management. All told, Babb pled guilty to providing, offering and promising more than \$7 million, directly and indirectly, to Khan.

According to the government's evidence, Babb, Khan, and Miller conspired to steal from the Army Corps of Engineers via the submission of false invoices to the government for products and services that were never provided. Miller caused Big Surf to submit the invoices to EyakTek. Babb caused EyakTek to approve the Big Surf invoices, add EyakTek's margin, and invoice the Army Corps of Engineers. Khan certified that the non-existent products and services had been provided, causing the Army Corps of Engineers to pay over \$9 million to EyakTek. In turn, over \$8 million of that money was paid by EyakTek to Big Surf.

Miller kept about \$4 million from the scheme. He and Big Surf channeled over \$3.6 million of the stolen money to Khan. He and the company also provided a number of benefits to Babb, including cash payments, an investment in real estate, and money for a Porsche.

The kickback charge involved Babb's dealings with Cho and Nova Datacom. Babb pled guilty to soliciting, accepting and attempting to accept more than \$1 million in kickbacks from Cho and Nova Datacom in return for giving the company preferential treatment on subcontracts. Babb received \$439,722 from Cho and was promised an additional \$600,000.

During the time Babb was accepting these kickbacks, Nova Datacom was in the process of stealing over \$20 million from the U.S. Army Corps of Engineers by submitting invoices to EyakTek and sometimes directly to the U.S. Army Corps of Engineers for products and services that never were provided. Although the full extent of the theft may not have been known to Babb, by the summer of 2011, he knew that Cho was paying bribes to Khan.

Between the Big Surf scheme and the kickbacks provided by Nova Datacom, Babb received approximately \$689,342 in ill-gotten gains.

Finally, he also schemed with Nova Datacom, Khan, Alexander and others to illegally steer the award of the CORES contract to Nova Datacom. Cho promised Babb future employment and other benefits for his agreement to help steer the award, which had a potential value of \$1 billion. This scheme was thwarted by the arrests of Babb and others last fall.

Miller pled guilty in April 2012 to conspiracy to commit money laundering.

As part of their sentences, Babb and Miller – along with Khan - must pay restitution to the federal government of \$9,405,230.

McKinney pled guilty in March 2012 to bribery. In his statement of offense, he admitted that Alpha Technology, based in Waldorf, had submitted fictitious and fraudulently inflated invoices that led to more than \$1.8 million of payments to the firm. Some materials and services were provided, but, McKinney admitted, more than \$850,000 of the expenses was fraudulent. Of this, he said, Alpha Technology kept about \$246,000, and the rest allegedly was passed on to Khan directly and through a company controlled by another one of Khan's family members.

Cho pled guilty in September 2011 to one count of conspiracy to commit bribery, money laundering, and wire fraud, and to defraud the United States, and one count of bribery. Alexander pled guilty in February 2012 and Khan pled guilty in May 2012, both to one count each of bribery and conspiracy to commit money laundering.

The others who have pled guilty include: Larry G. Corbett, owner of Core Technology LLC and Enterprise Technical Solutions, Inc. Theodoros Hallas, who also worked for Nova Datacom; Lee A. Khan, the son of Kerry Khan; Nazim Khan, the brother of Kerry Khan; Oh Sung Kwon, also known as Thomas Kwon, the co-founder and chief executive officer of Avenciatech, Inc., and Nick Park, a former Nova Datacom employee who later became president of Unisource Enterprise Inc.

Alexander was sentenced in September 2012 to a six-year prison term and ordered to pay \$1.25 million in restitution and a \$1.25 million forfeiture money judgment. The other defendants are awaiting sentencing.

In announcing the sentences, 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.