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District of Maryland

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**FORMER GSA EMPLOYEE PLEADS GUILTY TO BRIBERY AND TAX EVASION IN
SCHEME INVOLVING OVER \$130 MILLION IN FEDERAL CONTRACTS**

Accepted Over \$100,000 in Bribes

Greenbelt, Maryland - Dessie Ruth Nelson, age 65, of Oakland, California, a former longtime employee of General Services Administration (GSA), pleaded guilty today to accepting over \$100,000 in bribes and evading taxes on the bribe payments she accepted in return for her assistance in awarding three federal contracts worth over \$130 million, announced United States Attorney for the District of Maryland Rod J. Rosenstein.

“Federal investigators have followed the evidence in this case across the nation, from Maryland to California, to ensure that anyone involved in this corruption scheme will be held accountable,” said U.S. Attorney Rod J. Rosenstein. “This case demonstrates the harm that can be caused by a corrupt contracting officer.”

According to the plea agreements of Nelson and Michael Holiday, Nelson worked in San Francisco, and was responsible for contracting on behalf of GSA with private companies to provide security to GSA managed buildings. Former Montgomery County police officer Michael Holiday was the chief executive officer and owner of Holiday International Security, Inc. (HIS), based in Silver Spring, Maryland, that provided federal facilities with physical security, primarily through armed guards. In May of 2003, HIS changed its name to USProtect Corporation.

Between 2000 and 2003, Holiday and other contractors provided Nelson with cash, vacations and other benefits worth over \$100,000, in exchange for her assistance in awarding three multi-million dollar contracts to HIS. One contract involved GSA-managed federal buildings in San Diego and three other counties in southern California. GSA solicited bids for a contract to provide security services to these federal facilities in November 1999. Although HIS’s bid was almost \$10 million higher than the lowest bid received by GSA, Nelson awarded the contract to HIS in May 2000. From 2000 through 2004, GSA paid HIS and USProtect more than \$54 million pursuant to this contract.

In February 2001, GSA solicited bids to provide security to federal facilities in San Francisco and seven other counties in northern California. Although HIS again did not submit the lowest bid price, Nelson awarded the contract to HIS in June 2001 at a cost of more than \$30.5 million. From 2001 through the present, GSA paid HIS and USProtect more than \$30 million pursuant to this contract.

In January 2002, HIS submitted a proposal for a contract to provide security to SSA-

operated facilities in Baltimore, Maryland. Nelson sent SSA responses she prepared to a questionnaire regarding HIS's performance of its California contracts. Although HIS had experienced problems, Nelson provided all favorable ratings for HIS. Based in part on this recommendation, SSA awarded the contract to HIS. From 2002 through the present, SSA paid HIS and USProtect more than \$50 million pursuant to this contract.

Nelson admits that in return for her assistance in obtaining the above contracts, Holiday provided her with, among other benefits, a shopping bag containing \$35,000 in cash and an envelope containing \$10,000 in cash. Holiday also arranged for and paid \$7,000 for Nelson's passage on a Caribbean cruise.

Nelson admits that she failed to report the cash and other illicit payments from Holiday and other contractors as income on her federal individual income tax returns for 2000 through 2003. Nelson concealed the income by arranging to make cash deposits into her bank accounts in amounts that did not exceed \$10,000, in order to evade federal reporting requirements regarding cash transactions.

Nelson faces a maximum sentence of 15 years in prison on the bribery charge and five years in prison for tax evasion. U.S. District Judge Deborah K. Chasanow scheduled her sentencing for June 16, 2008 at 10:00 a.m.

Michael B. Holiday, age 50, of Silver Spring, Maryland, also pleaded guilty to bribery and tax evasion in connection with this scheme. Holiday is scheduled to be sentenced on January 23, 2008 at 2:00 p.m.

In a related case, Richard S. Hudec, age 44, of Naples, Florida, who was a former chief operating officer of USProtect, pleaded guilty on November 30, 2007 and faces a maximum sentence of five years in prison for concealing material information from federal contracting officials - including four prior felony convictions - in connection with federal contracts worth over \$150 million that were awarded to USProtect. He also pleaded guilty to evading taxes on income he obtained as a result of the government awarded contracts and faces five years in prison and a \$250,000 fine for the tax evasion. U.S. District Judge Deborah K. Chasanow scheduled Hudec's sentencing for February 25, 2008 at 3:00 p.m.

In October 2006, the Department of Justice launched the National Procurement Fraud Task Force designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in government contracting activity for national security and other government programs. The Procurement Fraud Task Force - chaired by Assistant Attorney General Alice S. Fisher for the Criminal Division - includes the United States Attorneys' Offices, the FBI, the U.S. Inspectors General community, and a number of other federal law enforcement agencies. This case, as well as other cases brought by members of the Task Force, demonstrate the Department of Justice's commitment to helping ensure the integrity of the government procurement process.

United States Attorney Rod J. Rosenstein praised the Federal Bureau of Investigation; the General Services Administration - Office of Inspector General; the Social Security Administration - Office of Inspector General; the Department of Homeland Security - Office of Inspector General; the Internal Revenue Service - Criminal Investigation; Treasury Inspector General for Tax Administration; and the Defense Criminal Investigative Service for their

investigative work. Mr. Rosenstein thanked Assistant U.S. Attorneys Michael Pauzé and Jonathan Biran, who are prosecuting the case.

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