



Department of Justice

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**CHIEF OPERATING OFFICER CHARGED WITH CONCEALING PAST FRAUD
JUDGMENTS FROM FEDERAL CONTRACTING OFFICIALS TO OBTAIN OVER
\$150 MILLION IN FEDERAL CONTRACTS**

Greenbelt, Maryland - Richard S. Hudec, age 44, of Naples, Florida, former Chief Operating Officer of Holiday International Security, Inc.(HIS), now known as USProtect Corporation, pleaded guilty today to a scheme to conceal material information from federal contracting officials – including four prior felony convictions – in connection with federal contracts worth over \$150 million and tax evasion.

According to the criminal information and statement of facts that is part of his plea agreement, Hudec's wife purchased HIS in May 2003 and HIS's name was changed to USProtect Corporation. By 2005, the company provided armed and unarmed security guards for 18 federal agencies at 120 installations in 32 states and territories. From 2001 through February 2005, Hudec assisted in preparing and submitting the company's proposals to provide security to federal agencies. As of October 2001, Hudec had been convicted of fraud in four separate federal criminal prosecutions and had numerous civil judgments for fraud and false statements entered against him.

In proposals submitted in 2002 and 2004 to provide physical security to the SSA facilities in Baltimore and the FBI Academy in Quantico, Virginia, Hudec, as either the chief financial officer or chief operating officer of the company, caused the company to falsely certify that no principal of the company had a civil judgment for fraud or false statements rendered against him within the three years preceding the company's proposal. This resulted in SSA awarding the company contracts worth more than \$50 million and the FBI awarding the company contracts worth \$3.5 million.

In November 2002, the same false certifications were also made in the company's application to GSA to be eligible for contracts under the Federal Supply Schedule, which lists contractors from which federal agencies may purchase products or services in an expedited fashion. Based on the company's application, GSA listed the company on the Federal Supply Schedule and beginning in 2004, the company was awarded several federal security contracts, including more than \$100 million in contracts to provide security to more than 12 bases operated by the U.S. Air Force.

As a result of this scheme, the company obtained contracts worth more than \$150 million through proposals that concealed the prior judgments against Hudec. Between 2001 and 2003 Hudec more than \$1 million for his services as an officer with the company, and was paid \$500,000 in each of 2002 and 2003. Yet for tax years 2002 and 2003 Hudec reported income of only \$18,000 and \$21,000 respectively, in order to evade the assessment of hundreds of

thousands of dollars in income taxes for those years.

Hudec faces a maximum sentence of five years in prison for concealing material information and five years in prison and a fine of \$250,000 for tax evasion. U.S. District Judge Deborah K. Chasanow scheduled Hudec's sentencing for February 25, 2008 at 3:00 p.m.

In a related case, Michael B. Holiday, age 50, of Silver Spring, Maryland, pleaded guilty to bribery and tax evasion in connection with a scheme involving three federal government contracts worth over \$130 million awarded to Holiday International Security, Inc.(HIS), now known as USProtect Corporation to provide security to federal buildings in Maryland and California. Holiday is scheduled to be sentenced January 23, 2008 at 2:00 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 Puzé and Jonathan Biran, who are prosecuting the case.

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