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**Nova Datacom, LLC and Its Former President Plead Guilty in Bribery Scheme Involving Government Contracts  
*Company Paid Public Officials in Return for Millions in Contracts, Submitted Fraudulently Inflated Invoices***

WASHINGTON – Nova Datacom, LLC, a Northern Virginia company, and its former president, Min Jung Cho, pled guilty today to federal charges stemming from their roles in a bribery and kickback scheme involving corrupt public officials from the U.S. Army Corps of Engineers and the Department of the Army as well as various government contractors.

Nova Datacom admitted to paying more than \$15 million in bribes to three public officials in return for contracts awarded through the Army Corps of Engineers and the Department of the Army. In addition, Nova Datacom admitted paying more than \$790,000 in kickbacks to executives of two companies that channeled government sub-contracts to the firm.

The guilty pleas were announced by U.S. Attorney Ronald C. Machen Jr.; Valerie Parlave, Assistant Director in Charge of the FBI's Washington Field Office; Thomas J. Kelly, 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).

The developments are the latest in an ongoing investigation of the largest domestic bribery and bid-rigging scheme in the history of federal contracting cases. Overall, participants in the scheme stole over \$30 million in government money through inflated and fictitious invoices.

Nova Datacom, LLC and Min Jung Cho, 44, of Springfield, Va., each pled guilty in the U.S. District Court for the District of Columbia to conspiracy to defraud the United States. In addition, Nova Datacom pled guilty to three counts of bribery.

The Honorable Emmet G. Sullivan scheduled a status hearing for June 27, 2013. No sentencing date was set. Under federal sentencing guidelines, Nova Datacom faces a fine of \$39.6 million to \$79.2 million. Cho faces a statutory maximum of five years in prison and financial penalties.

Two executives from other businesses pled guilty to charges in recent weeks. All told, 15 individuals and Nova Datacom have pled guilty so far in the investigation.

They include three defendants who worked closely with Nova Datacom throughout the course of the scheme: Kerry F. Khan and Michael A. Alexander, former program managers for the U.S. Army Corps of Engineers, and Harold F. Babb, the former director of contracts at Eyak Technology LLC (EyakTek), an Alaska Native-owned small business.

Three other defendants who worked for Nova Datacom are among those who earlier pled guilty to charges. They include Alex N. Cho, also known as Young N. Cho, the brother of Min Jung Cho and the company's former chief technology officer; Nick Park, a former employee who later opened his own business, Unisource Enterprise Inc. (UEI), and Theodoros Hallas, the company's former Executive Vice President of Operations.

As part of the plea agreements, Nova Datacom and Min Jung Cho have agreed to the entry of a forfeiture money judgment against them in the amount of \$6.8 million.

“Today’s guilty pleas hold a corporation and its former president criminally accountable for their roles in funneling millions of dollars into a sprawling bribery scheme involving corrupt public officials and compromised government contractors,” said U.S. Attorney Machen. “They also reveal that this brazen fraud extended to the Department of the Army, where a corrupt public official exchanged contracts for cash, gambling in Las Vegas, and a \$70,000 Lexus. Fifteen individuals have now pled guilty in this ongoing investigation, and today’s guilty plea by Nova Datacom demonstrates our commitment to holding accountable the corporations that benefit from crimes committed by their officers and employees.”

“Today’s pleas are yet two more admissions of guilt in the largest fraud scheme in the history of federal contracting cases,” said Assistant Director in Charge Parlave. “Together with our law enforcement partners, the FBI will continue to combat bribery and fraud, and we will ensure those who engage in such illegal activity are brought to appropriate justice.”

“The use of bribes and kickbacks to secure government contracts will not be tolerated in SBA’s 8(a) Business Development Program,” said SBA Inspector General Gustafson. “The SBA OIG appreciates the leadership of the U.S. Attorney’s Office and the support of our interagency partners in bringing forth these plea agreements.”

“At a time when Government and taxpayer resources are being stretched to their limits and our Service members continue to make sacrifices to protect our national security, it is detestable that Nova Datacom would blatantly conspire to defraud the Government and, eventually, the American warfighter,” said Special Agent in Charge Craig of DCIS. “The illegal manipulation of contracts to facilitate bribes and kickbacks that circumvent the military contracting process costs the taxpayer and warfighter alike. This investigation sends a clear message to those who may follow in the defendants’ footsteps—the Defense Criminal Investigative Service and our law enforcement partners will take aggressive action to identify and investigate those that endeavor to take advantage of the Department of Defense and the men and women of the Uniformed Services.”

Nova Datacom provided information assurance and security services to commercial companies and federal departments and agencies. The bribery charges involve Nova Datacom’s dealings with an unnamed former official with the Department of the Army and with Khan and Alexander of the Army Corps of Engineers. Evidence shows that the schemes began in 2007, as Nova Datacom moved heavily into government contracting.

According to the government’s evidence, Alex Cho founded Nova Datacom in 2004 and was its sole owner until 2007. That year, he transferred complete ownership of the company to his sister to enable the firm to apply to the Small Business Administration for status as a woman-owned, minority small business. This would give the company an advantage in securing government contracts. At the time of the transfer, Alex Cho did not intend that his sister would control Nova Datacom or control its day-to-day operations. Later in 2007, based on false representations the SBA certified Nova Datacom.

From 2007 through 2010, Nova Datacom sought government business by submitting false past performance references and evaluations that fraudulently burnished its qualifications. The company also engaged in bribery to win government contracts.

### **Scheme Involving the Army Corps of Engineers**

According to the government’s evidence, one scheme involved bribery payments and promises to Khan and Alexander. Starting in 2007, Alex Cho, Min Cho, Park, and other representatives of Nova Datacom paid Khan and Alexander in exchange for their steering contracts and subcontracts from the U.S. Army Corps of Engineers to the company. Some subcontracts were awarded through Babb’s firm, EyakTek, and Babb also received kickbacks.

At Khan’s direction, Nova Datacom submitted fraudulently inflated quotes to the Army Corps of Engineers and EyakTek for the work performed. The fraudulently inflated amounts were referred to by Khan as “overhead,” and they generated the illicit proceeds of the scheme.

From in or about the spring of 2007 through Oct. 4, 2011, when Khan, Alexander and Babb were arrested, the U.S. Army Corps of Engineers awarded contracts and sub-contracts to Nova Datacom that included in excess of \$20 million in “overhead.” Nova Datacom used portions of this “overhead” to make payments benefiting Khan, Alexander, Babb and others.

For example, Nova Datacom and its representatives gave, offered and promised things of value directly and indirectly to Khan in excess of \$14 million. The company and its representatives offered, promised and provided things of value directly and indirectly to Alexander of approximately \$1 million.

Finally, Nova Datacom and its representatives offered, promised and provided kickbacks directly and indirectly for the benefit of Babb in excess of \$400,000.

Law enforcement stepped in as plans were in development to steer a long-term contract worth up to \$780 million to Nova Datacom as the primary contractor.

### **Schemes Involving the Department of the Army**

According to the government’s evidence, Alex Cho and Park paid a person identified as “Public Official C” a total of \$50,000 in cash in 2007 in return for the award of subcontracts to Nova Datacom. In addition, they provided the official with first-class airline upgrades, entertainment, casino chips and lodging in Las Vegas. The official recommended the company receive a subcontract valued at nearly \$330,000.

Also, in 2010, Alex Cho agreed to pay kickbacks to another businessman in return for subcontracts awarded to Nova Datacom through the Army. Oh Sung Kwon, also known as Thomas Kwon, was the co-founder and chief financial officer of Avenciatech, Inc. He helped Nova Datacom win a subcontract worth more than \$1.4 million. Nova Datacom paid approximately \$390,000 in profits derived from this contract for the benefit of Kwon.

### **Other Guilty Pleas**

John Han Lee, 42, a co-founder of Unisource Enterprise Inc. (UEI), pled guilty on March 29, 2013 to one count of bribery and one count of conspiracy to commit bank fraud.

Lee, 42, of Ashburn, Va., admitted taking part in schemes between 2008 and 2011 with “Public Official C” at UEI and two other firms that he later joined, “Company E,” and Avenciatech, Inc. With assistance from “Public Official C,” who had a secret ownership in UEI and Avenciatech, the companies got sub-contracts; in turn, they provided “Public Official C” with benefits including golf outings, hotel stays, a trip to the Bahamas, cash payments, a Lexus automobile worth about \$69,000, meals and entertainment.

In addition, Lee admitted joining in a mortgage fraud scheme in northern Virginia between 2004 and 2008 that cost lenders more than \$1.2 million.

King Everett Johnson, a former employee of UEI and the founder of Integrated Business and Technology Solutions, LLC (IBATS), pled guilty on March 29, 2013 to one count of conspiracy to commit wire fraud. Johnson, 42, of Jersey City, N.J., admitted participating in the conspiracy in 2009 with others, including “Public Official C,” who at the time was an assistant project manager for the U.S. Army based in Seoul, South Korea. In collusion with “Public Official C,” Johnson submitted fraudulent invoices from IBATS, totaling \$124,163, to the Department of the Army through Company E. He received the proceeds, transferred \$40,000 for the benefit of Kwon, and kept the rest for himself.

The others who earlier pled guilty to charges include Kerry Khan’s son, Lee A. Khan; Kerry Khan’s brother, Nazim Khan; Larry G. Corbett, owner of Core Technology LLC and Enterprise Technical Solutions, Inc.; Robert L. McKinney, the president of Alpha Technology Group, Inc., a provider of program management services; James Edward Miller, formerly of Virginia Beach, Va., the owner of Big Surf Construction Management LLC; and Kwon, the co-founder and chief executive officer of Avenciatech, Inc.

In announcing the guilty pleas, U.S. Attorney Machen, Assistant Director in Charge Parlave, Special Agent in Charge Kelly, Inspector General Gustafson, Special Agent in Charge Craig, 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, Bryan Seeley, and James Smith 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 Stephanie Brooker, former Chief of the office's Asset Forfeiture and Money Laundering Section; Forensic Accountant Maria Boodoo; Paralegal Specialists Tasha Harris, Lenisse Edloe, Shanna Hays, Taryn McLaughlin, Christopher Samson, and Nicole Wattlelet, and Legal Assistants Krishawn Graham and Jessica McCormick.