

U.S. Department of Justice

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NEWS RELEASE

**FOR IMMEDIATE RELEASE
ALEXANDRIA, VIRGINIA
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**FOR FURTHER INFORMATION
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Paul J. McNulty, United States Attorney for the Eastern District of Virginia, announced that Karen A. Coachman, age 36, of Lanham, Maryland, pleaded guilty today before the Honorable Claude M. Hilton, District Court Judge, to conspiracy to defraud the United States and to structuring a series of payoffs in amounts below \$10,000 in order to evade currency reporting requirements.

Coachman's sentencing is set for August 29, 2003, at which time she faces a maximum five year sentence and a fine of \$250,000.

From 1998 until 2002 Coachman conspired with Robert L. Neal, Jr., Director of the Office of Small and Disadvantaged Business Utilization ("SADBU") within the U.S. Department of Defense ("DOD"), and Francis D. Jones, Neal's executive assistant. SADBU is responsible for DOD's administration of acquisition preference programs, designed to promote opportunities for small and disadvantaged businesses.

Coachman was a program manager for Sykes Communications ("Sykes") working on a DOD contract designed to provide support services for the SADBU office. As program manager, Coachman directed a portion of the Sykes/SADBU contract to a subcontractor, KAVA Marketing & Consulting ("KAVA"), a company she controlled that was owned by a family member.

In April 1999, working through Sykes/KAVA, Coachman made arrangements for a SADBU hosted conference in New Orleans. As part of the planning, Coachman made a deposit, reserving a block of rooms with the Radisson Hotel. Shortly thereafter, Coachman was instructed to move the conference to another hotel, resulting in an early termination fee of \$81,000, which the Radisson would refund to Sykes/KAVA if the reserved rooms could be resold. DOD reimbursed Sykes/KAVA for the \$81,000 early termination fee.

In November 1999, with a number of the originally blocked rooms resold, the Radisson refunded \$65,000 to KAVA. Coachman was instructed not to return the refund to DOD. Instead, she withdraw the funds in increments of less than \$10,000 to avoid an IRS reporting requirement, and the \$65,000 was split equally among the three conspirators.

In early 2001 Coachman also defrauded the DOD of \$50,000 that had been earmarked for the purchase of SADBUs advertizing in a small and disadvantaged businessman's yearbook. Coachman, however, began using the \$50,000 for her personal use and abandoned the yearbook advertizing venture.

Neal and Jones are scheduled for trial on June 30, 2003, on charges of conspiracy, extortion, money laundering and false statements.

The investigation was conducted by special agents of the Defense Criminal Investigative Service and the FBI. Prosecution of the case is being handled by Assistant United States Attorneys Matthew W. Friedrich and Stephen P. Learned.

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