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Virginia Businessman Sentenced to 88 Months in Prison For Role in Bribery Scheme Involving Government Contracts

Defendant Paid Public Officials Millions in Return for Contracts; Company Submitted Fraudulently Inflated Invoices

WASHINGTON – Young N. Cho, also known as Alex Cho, 43, of Great Falls, Va., has been sentenced to 88 months in prison on federal charges stemming from a bribery scheme in which he paid millions of dollars in bribes to corrupt public officials from the U.S. Army Corps of Engineers in return for lucrative government contracts.

Cho pled guilty in September 2011 in the U.S. District Court for the District of Columbia to a two-count Information that charged one count of conspiracy to commit bribery, money laundering, and to defraud the United States, and one count of bribery. He was sentenced on Oct. 8, 2015, by the Honorable Emmet G. Sullivan. Judge Sullivan also ordered Cho to pay \$7,656,073 restitution to the U.S. Army Corps of Engineers, and pay a forfeiture money judgment of \$6,884,948. Following his prison term, Cho will be placed on three years of supervised release.

The sentencing was announced today by Acting U.S. Attorney Vincent H. Cohen, Jr.; Paul M. Abbate, Assistant Director in Charge of the FBI's Washington Field Office; Thomas Jankowski, 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, Jr., 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).

In addition to Cho, 19 other individuals and one corporation, Nova Datacom, LLC, have pled guilty to federal charges. The investigation uncovered 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 fictitious invoices and conspired to steer a nearly \$1 billion government contract to a favored government contractor. To date, through forfeiture, restitution, and civil settlements, the U.S. Attorney's Office has been able to recover over \$30 million of the stolen money.

"Alex Cho was at the center of a cash-for-contracts scheme that robbed the American taxpayer of \$30 million," said Acting U.S. Attorney Cohen. "Cho is just one of 20 crooked contractors, government officials, and other middlemen who have pled guilty as part of this investigation. His prison sentence is proof that the temptation to cheat the system by paying off corrupt government employees is not worth it."

"More than six years after initiating one of the largest procurement fraud cases in history, this sentence demonstrates that the FBI and our law enforcement partners have a long memory when it comes to holding accountable those who

engage in bribes and kickbacks,” said Assistant Director in Charge Abbate. “The FBI will continue to diligently work to protect the integrity of our government by pursuing those who seek to violate the system through corruption.”

“SBA's preferential contracting programs are designed to help eligible individuals achieve the American dream of running a successful business,” said Inspector General Gustafson. “The defendant's actions of bribing government officials and committing fraud in order to obtain government contracts hurt every small business owner who is hoping that SBA can help them achieve that dream. I want to thank our law enforcement partners for their dedication and the U.S. Attorney's Office for its leadership throughout this investigation.”

“Manipulations of the Department of Defense procurement process will not be tolerated,” said Special Agent in Charge Craig. “This sentencing demonstrates the vigilance and ongoing commitment by DCIS and its partner agencies to hold accountable individuals who attempt to bypass federal contracting laws.”

“This sentencing, and the guilty pleas of Cho's co-conspirators, should serve as a stark reminder to the public that those who seek to defraud the U.S. government will face the consequences,” said Director Robey. “Crimes like this one can undermine the financial readiness of our Army. The agents who worked this case should be commended for their thorough investigation and for expertly following the paper trail that led to the unraveling of this complex fraud scheme.”

Cho was the chief technology officer for Nova Datacom. Among others, he conspired with 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. All three men have pled guilty.

According to the government's evidence, Cho's criminal activities took place between 2007 and 2011. Among other things, Cho admitted paying over \$17 million in bribes to Khan and about \$1 million to Alexander to obtain and retain government contracts and to conspiring with public officials to steer a nearly \$1 billion planned government contract to Nova Datacom. Cho also admitted paying approximately \$700,000 in kickbacks to Babb to facilitate the processing of Nova Datacom's invoices.

From in or about 2008 through March 2011, Cho caused Nova Datacom to submit invoices for equipment and services to the U.S. Army Corps of Engineers for approximately \$45 million. Of that amount, he admitted that over \$18 million was inflated and/or fictitious.

Khan has been sentenced to 19 years and seven months in prison. Alexander was sentenced to six years in prison, and Babb was sentenced to seven years and three months in prison.

In announcing the sentence, Acting U.S. Attorney Cohen, Assistant Director in Charge Abbate, Special Agent in Charge Jankowski, 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 Washington Field Office of the Internal Revenue Service-Criminal Investigation, 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, 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 Anthony Saler of the Fraud and Public Corruption Section. Finally, they expressed thanks for assistance provided by former Assistant U.S. Attorney Bryan Seeley; former Special Assistant U.S. Attorney

Christopher Dana; former Forensic Accountant Maria Boodoo; Paralegal Specialists Tasha Harris, Krishawn Graham, and Taryn McLaughlin; and Legal Assistant Jessica McCormick.