



Department of Justice

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**SECURITY CONTRACTOR SENTENCED TO 48 MONTHS FOR ROLE AS
FIGUREHEAD OWNER IN \$31 MILLION DISADVANTAGED SMALL BUSINESS
FRAUD SCHEME**

ALEXANDRIA, Va. – The chief executive officer of a Virginia-based security contracting firm was sentenced today to serve 48 months in prison for serving as a figurehead owner of a front company created to obtain more than \$31 million intended for disadvantaged small businesses through the Small Business Administration’s (SBA) Section 8(a) program, which allows qualified small businesses to receive sole-source and competitive-bid contracts set aside for minority-owned and disadvantaged small businesses.

United States Attorney Neil H. MacBride of the Eastern District of Virginia; Acting Assistant Attorney General Mythili Raman of the Justice Department’s Criminal Division; National Aeronautics and Space Administration (NASA) Inspector General Paul K. Martin; SBA Inspector General Peggy E. Gustafson; Defense Criminal Investigative Service (DCIS) Special Agent in Charge of Mid-Atlantic Field Office Robert E. Craig; General Services Administration (GSA) Inspector General Brian D. Miller; and Department of Homeland Security (DHS) Deputy Inspector General Charles K. Edwards made the announcement after the sentencing today.

Dawn Hamilton, 48, of Brownsville, Md., was sentenced by U.S. District Judge Gerald Bruce Lee in the Eastern District of Virginia. In addition to her prison term, Hamilton was sentenced to serve three years of supervised release and ordered to forfeit approximately \$1.2 million and additionally ordered to pay a fine of \$1 million. On March 15, 2013, Hamilton pleaded guilty to major government fraud.

According to court documents, in approximately 2011, Keith Hedman, 53, of Arlington, Va., formed Company A, which was approved to participate in the 8(a) program based on the 8(a) eligibility of its listed president and CEO, an African-American female. When the listed president and CEO left Company A in 2003, Hedman became its sole owner, and the company was no longer 8(a)-eligible.

In 2003, Hedman created Company B, another Arlington-based security contractor, to ensure that he could continue to gain access to 8(a) contracting preferences for which Company A was no longer qualified. Prior to applying for Company B’s 8(a) status, Hedman selected

Hamilton, a Company A employee at that time, to serve as a figurehead owner based on her Portuguese heritage and history of social disadvantage. In reality, the new company was managed by Hedman and Company A senior leadership in violation of 8(a) rules and regulations. To deceive the SBA, the co-conspirators falsely claimed that Hamilton formed and founded the company and that she was the only member of the company's management. Based on those misrepresentations, Company B obtained 8(a) status in 2004.

From 2004 through February 2012, Hedman – not Hamilton – impermissibly exercised ultimate decision-making authority and control over Company B by directing its finances, allocation of personnel and government contracting activities. Hedman nonetheless maintained the impression that Hamilton was leading the company, including through forgeries of signatures of Hamilton to documents she had not seen or drafted. Hamilton signed annual reviews and other documents submitted to the SBA that falsely claimed, among other things, that she controlled Company B. Hedman also retained ultimate control over the shell business's bank accounts throughout its existence. In 2010, Hedman withdrew \$1 million in cash from Company B's accounts and gave the funds in cash to Hamilton and three other conspirators. In 2011, Hedman approached Hamilton's brother about starting another shell company to continue the scheme. The trio submitted another fraudulent application to the SBA, but it was rejected.

In total, the scheme netted government contracts valued at more than \$153 million, from which Company B obtained more than \$31 million in contract payments. The various conspirators netted more than \$6.1 million that they were not entitled to receive from those payments. Seven other defendants have pleaded guilty in the scheme.

This case is being investigated by NASA Office of the Inspector General, the SBA-OIG, DCIS-OIG, GSA-OIG and DHS-OIG, with assistance from the Defense Contract Audit Agency. Assistant U.S. Attorneys Chad Golder and Ryan Faulconer, a former Trial Attorney for the Criminal Division's Fraud Section, are prosecuting the case on behalf of the United States.

A copy of this press release may be found on the website of the United States Attorney's Office for the Eastern District of Virginia at <http://www.justice.gov/usao/vae>. Related court documents and information may be found on the website of the District Court for the Eastern District of Virginia at <http://www.vaed.uscourts.gov> or on <https://pcl.uscourts.gov>.

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