



# Department of Justice

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## **VIRGINIA RESIDENT PLEADS GUILTY TO CONSPIRING TO DEFRAUD THE U.S. NAVY**

WASHINGTON — A U.S. Navy subcontractor from Virginia has pleaded guilty to conspiring to defraud the Navy in connection with contracts for fabricated metal to be used for the repair and maintenance of elevator equipment on Navy aircraft carriers and support vessels, the Department of Justice announced today. The charge is the first to arise out of the Department's ongoing antitrust investigation into the sales of fabricated metal products and other materials to the U.S. Navy.

Todd M. Mosiman, a resident of Virginia Beach, Va., pleaded guilty in U.S. District Court in Norfolk, Va., to conspiring with another individual to steer more than \$167,000 in contracts to Mosiman's now-defunct Chesapeake-based company from at least June 2004 to at least March 2005. The other individual was an employee of a Virginia-based company that served as the Navy's prime contractor for its elevator equipment repair and maintenance contracts.

Among its other responsibilities, the prime contractor assisted the Navy in its procurement of the materials, including fabricated metal products, needed to repair and maintain the elevator equipment. The co-conspirator was responsible for determining which vendor the prime contractor would recommend to the Navy for the fabricated metal contracts. The co-conspirator was also a secret co-owner of Mosiman's company and shared the proceeds from the fabricated metal contracts.

Mosiman and the co-conspirator carried out the conspiracy by:

- Creating the vendor;
- Agreeing to conceal the co-conspirator's involvement with the vendor from the prime contractor and the U.S. Navy;
- Assisting the vendor in winning contracts for fabricated metal; and
- Having joint access to the vendor's bank account, including proceeds from sales to the U.S. Navy.

"Taxpayers ultimately pay the price for those who circumvent the Navy's competitive procurement process for personal gain," said Christine A. Varney, Assistant Attorney General in charge of the Department's Antitrust Division. "These fraudulent schemes are particularly egregious during wartime."

Mosiman has entered into a plea agreement with the United States that requires him to cooperate with the Department's ongoing investigation. Mosiman's sentence will be determined by the court. A sentencing date has yet to be scheduled by the court.

Mosiman is charged with one count of conspiracy to defraud, which carries a maximum sentence of five years of imprisonment and a maximum fine of \$250,000. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum.

This action represents the Department's commitment to protecting U.S. taxpayers from procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative, announced in October 2006, is designed to promote the early detection, prosecution, and prevention of procurement fraud associated with the increase in contracting activity for national security and other government programs.

The ongoing investigation is being conducted by the Antitrust Division's Philadelphia Field Office, the U.S. Attorney's Office in Norfolk, Va., the Department of Defense's Defense Criminal Investigative Service and the Naval Criminal Investigative Service. Anyone with information concerning fraudulent behavior related to the sales of fabricated metal products and other materials to the U.S. Navy is urged to call the Antitrust Division's Philadelphia Field Office at 215-597-7405 or the Defense Criminal Investigative Service's Norfolk Office at 757-441-6067.

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