



Department of Justice

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**SECOND GAINESVILLE BUSINESSMAN PLEADS GUILTY TO CONSPIRING
TO PAY KICKBACKS TO FORMER SECRETARY OF
THE FLORIDA DEPARTMENT OF CORRECTIONS**

Jacksonville, Florida - United States Attorney Robert E. O'Neill announces that Joseph Arthur Deese (38, Gainesville, FL) pleaded guilty today to conspiracy to pay kickbacks to the former Secretary of the Florida Department of Corrections, James Vernon Crosby, Jr., and another former high-ranking FDOC official, Allen Wayne Clark.

According to the plea agreement and court documents, from January 2003 to February 2006, Crosby and Clark assisted Edward Lee Dugger and Joseph Arthur Deese with obtaining a contract with Keefe Commissary Network, a St. Louis, Missouri corporation, to run the canteen grocery stores inside the visiting parks of all prisons within the State of Florida prison system. These canteen stores are areas within the Florida prisons stocked with foodstuffs and other items that visitors could purchase while visiting inmates during prison visiting hours. FDOC made millions of dollars each year from the sale of such items to inmates and inmate visitors.

In 2003, FDOC negotiated a contract to privatize FDOC's institutional canteens with Keefe Commissary, which gave Keefe Commissary the right to run both the inmate canteens inside the prisons and the visiting park canteens open to visitors, also situated

inside the prisons. As part of this contract, Keefe Commissary agreed to pay FDOC a certain fee per day per inmate, which was anticipated to provide FDOC in excess of \$20 million per year in revenues. As Secretary of FDOC, Crosby had the direct authority to enter into the contract with Keefe Commissary, implement contractual amendments and renew their contract. Crosby also had to approve the use of any subcontractors.

In June 2004, Crosby and Clark introduced Edward Dugger and Joseph Deese to representatives of Keefe Commissary for the purpose of encouraging Keefe Commissary to utilize Dugger and Deese with opening and operating visiting park canteens throughout the prisons in Florida. Crosby, Clark, and Dugger had decided that if based upon the recommendation and support of Crosby and Clark Keefe Commissary utilized Dugger as a subcontractor on the Keefe Commissary contract, then Dugger and Deese would kickback to Crosby and Clark a portion of the proceeds made by Dugger and Deese.

Once representatives of Keefe Commissary were introduced to Dugger at various meetings involving the prison canteen business, Dugger understood this to be a multi-million dollar industry and that Dugger and Deese's corporation, American Institutional Service ("AIS"), could expect to make approximately \$1.5 million each year.

In exchange for this introduction and ultimately procuring the contract, Dugger and Deese agreed to kickback to Crosby and Clark a certain percentage of the proceeds AIS made from the subcontract with Keefe Commissary and FDOC. According to Court documents, the full amount of the kickbacks, which were paid over several months spanning 2004 until early 2006, was approximately \$130,000.00. The kickbacks were paid monthly and gradually increased over time from approximately \$1,000.00 per month up to as much as \$14,000.00 per month.

Once AIS employees collected the cash generated from the sale of the foodstuffs and other items in the FDOC visiting park canteens on a weekly basis, the cash was returned to AIS in Gainesville, Florida. Dugger and Deese withheld certain amounts of cash, out of which Deese delivered the kickback payments to Clark, who, in turn, delivered the kickback payments to Crosby.

Co-defendant Edward Lee Dugger (64, of Gainesville) pled guilty to the same charge on March 2, 2011. His sentencing hearing is set for July 27, 2011 at 10:00 a.m. before United States District Judge Timothy J. Corrigan.

This case was investigated by the Federal Bureau of Investigation and the Florida Department of Law Enforcement. It is being prosecuted by Assistant United States Attorney A. Tysen Duva.