



Department of Justice

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Tampa Orlando
FOR IMMEDIATE RELEASE
March 2, 2011
<http://www.usdoj.gov/usao/flm/pr>

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**GAINESVILLE BUSINESSMAN PLEADS GUILTY
TO CONSPIRING TO PAY KICKBACKS TO FORMER SECRETARY OF THE
FLORIDA DEPARTMENT OF CORRECTIONS, JAMES VERNON CROSBY, JR.**

Jacksonville, Florida - United States Attorney Robert E. O'Neill announces that Edward Lee Dugger (64, Gainesville, Florida) today pleaded guilty 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, Dugger faces up to 39 months in federal prison for the conspiracy charge. Sentencing is scheduled for July 27, 2011.

According to the plea agreement and other Court documents, Crosby, the Secretary of the Florida Department of Corrections from January 2003 to February 2006, and Clark, another former high-ranking FDOC official, who resigned from the FDOC in August 2005, assisted Dugger and Dugger's business associate, Joseph Arthur Deese, with obtaining a contract with Keefe Commissary Network ("Keefe Commissary"), 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 located within the Florida prisons and are 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, giving 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, to implement contractual amendments with Keefe Commissary and to renew the contract with Keefe Commissary. Crosby also had to approve the use of any subcontractors.

In June 2004, former Secretary Crosby and Allen Clark introduced Dugger and 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. Dugger and Deese, via AIS, ran this business involving the visiting park canteens and collected and handled the cash proceeds generated by Keefe Commissary's sales of foodstuffs and

other items at FDOC visiting park canteens.

In exchange for this introduction and ultimately procuring the contract, Dugger 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 within the prisons 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.

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.