

MAR 14 2012

JULIA C. DUDLEY, CLERK
BY: *[Signature]*
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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF VIRGINIA
ROANOKE DIVISION

UNITED STATES OF AMERICA) Criminal Number 7:12 CR00020
)
 v.)
) In violation of:
) 18 U.S.C. § 1349
 JOHN D. HENDERSON) 26 U.S.C. § 7201

INFORMATION

THE UNITED STATES ATTORNEY CHARGES THAT:

INTRODUCTION

At all times material to this Information:

1. Defendant **JOHN D. HENDERSON** was, at different times, a resident of Roanoke, Virginia, and Newport News, Virginia.
2. **HENDERSON** was the Director of Corporate Maintenance and Renovations at Medical Facilities of America, Inc., a Virginia corporation with its headquarters in Roanoke, Virginia. Medical Facilities of America, Inc., owned and operated healthcare and nursing home facilities throughout Virginia, and was affiliated with Medical Facilities of North Carolina, Inc., which owned and operated similar facilities in North Carolina, and Retirement Unlimited, Inc., which operated retirement communities in Virginia. These entities are referred to hereinafter collectively as "MFA." **HENDERSON'S** duties included overseeing maintenance, repairs and renovations of the various MFA locations throughout Virginia. **HENDERSON** also was responsible for obtaining quotes from contractors and vendors for capital improvements and equipment purchases, and for initially reviewing Capital Expenditure Request forms ("CERs") prior to their submission to his supervisors for review and approval.

3. From at least June 1998 to at least December 2006, MFA generally required that capital expenditures such as equipment purchases, repairs and maintenance costing over \$500 be documented on CERs. When MFA let contracts for maintenance, repairs, renovation projects, or the purchase of equipment, it was MFA policy to obtain competitive price quotations from at least three vendors prior to the award of such contracts. Bids received by MFA were documented on and included with the CERs submitted to corporate officials for approval prior to the award of contracts. When a matter was an emergency or time was of the essence, MFA policy permitted the award of contracts upon receipt of a single price quotation.

4. MFA maintained corporate policies prohibiting its employees from engaging in activities in which their personal interests would interfere with company business, including prohibiting employees from soliciting, or attempting to solicit, anything of value from anyone doing or attempting to do business with MFA, and prohibiting employees from accepting bribes, including kickbacks, in connection with any transaction.

5. Donald R. Holland was a resident of Hardy, Virginia. Holland was an owner of Hardy Plumbing & Heating Corp. ("Hardy Plumbing"), a Virginia corporation located in Hardy, Virginia. During the period June 1998 through December 2006, MFA awarded contracts to Hardy Plumbing to perform work at MFA facilities in Virginia pursuant both to its competitive quote process and its emergency award process.

6. Larry R. Sumpter was a resident of Roanoke, Virginia. At various times, Sumpter was an employee, manager and/or co-owner of Hardy Plumbing.

7. Co-conspirator 1 ("CC-1") was a resident of Portsmouth, Virginia, or Chesapeake, Virginia. CC-1 was the principal of an unincorporated company located in Portsmouth, Virginia ("Roofing Company"). During the period from at least July 2005 through

at least October 2006, MFA awarded contracts to Roofing Company to perform work at MFA facilities in Virginia pursuant both to its competitive quote process and its emergency award process.

8. Co-conspirator 2 (“CC-2”) was a resident of Virginia Beach, Virginia. CC-2 was the principal of an unincorporated company located in Virginia Beach, Virginia (“Home Improvement Company”). During the period from at least May 2006 through at least July 2006, MFA awarded contracts to Home Improvement Company to perform work at MFA facilities in Virginia pursuant to its competitive quote process.

9. Gary L. Johns was a resident of Salem, Virginia. Johns was an employee of Salem Commercial Design (“SCD”), an unincorporated company located in Salem, Virginia. During the period from at least July 2005 through at least October 2006, MFA awarded contracts to SCD to perform work at MFA facilities in Virginia pursuant both to its competitive quote process and its emergency award process.

10. Edward T. Fodrey was a resident of Norfolk, Virginia. Fodrey was the principal of an unincorporated company located in Norfolk, Virginia, that did business under various names, hereinafter referred to as “Fodrey.” During the period from at least July 2006 through at least December 2006, MFA awarded contracts to Fodrey to perform work at MFA facilities in Virginia pursuant both to its competitive quote process and its emergency award process.

COUNT ONE
(Conspiracy – 18 U.S.C. § 1349)

The United States Attorney charges:

11. Paragraphs 1 through 6 of the Introduction are incorporated by reference into this Count of the Information as if fully set forth herein.

CONSPIRACY

12. From in or about June 1998 and continuing until at least December 2006, the exact dates being unknown, in the Western District of Virginia and elsewhere, **JOHN D. HENDERSON** intentionally combined, conspired, confederated and agreed with Donald R. Holland and Larry R. Sumpter and other co-conspirators both known and unknown to the United States, to violate Title 18 United States Code, Sections 1341 and 1346, to wit, devised and intended to devise a scheme and artifice to defraud MFA of its right to the honest and faithful services of **HENDERSON** through kickbacks, bribery and concealment of material information, and for obtaining money from MFA by means of materially false and fraudulent pretenses, representations, and promises.

PURPOSE OF THE SCHEME

13. The purpose of the scheme and artifice was for **HENDERSON** to secretly use his position with MFA to enrich himself by soliciting and accepting payments from Holland, Sumpter, and/or Hardy Plumbing in exchange for favorable official action, and for Holland, Sumpter, and Hardy Plumbing to enrich themselves by secretly obtaining favorable official action for Hardy Plumbing through corrupt means, and to obtain money from MFA by means of materially false and fraudulent pretenses, representations, and promises.

**THE MANNER AND MEANS BY WHICH
THE CONSPIRACY WAS CARRIED OUT**

The conspiracy was carried out in the following manner and means, among others:

14. In or about June 1998, **HENDERSON** agreed with Holland to defraud MFA by, among other things, using his position at MFA to circumvent MFA's competitive procurement process and steer contracts to Hardy Plumbing in return for monetary payments to

HENDERSON.

15. From in or about June 1998 through December 2006, **HENDERSON** used his position at MFA to steer contracts to Hardy Plumbing by, among other things:

(a) creating or causing others, including Holland and Sumpter, to create fictitious competitor quotes to MFA that were higher than the quotes submitted by Hardy Plumbing, in order to create the false appearance of competition;

(b) telling Holland and/or Sumpter the amounts Hardy Plumbing should quote to MFA for specific contracts and the amounts they would pay **HENDERSON** in return for those contracts; and

(c) soliciting or directing subordinates to solicit quotes for MFA only from Hardy Plumbing.

16. **HENDERSON**, Holland, and Sumpter took steps to hide, conceal, and cover up their activity and the nature and scope of their dealings by, among other things:

(a) from in or about June 1998 until sometime in 2003, **HENDERSON** would bill Hardy Plumbing purportedly for inspecting Hardy Plumbing's work for MFA, and Hardy Plumbing would pay **HENDERSON** by corporate checks as an independent contractor and

(b) beginning sometime in 2003 until December 2006, Holland and Sumpter would pay **HENDERSON** by personal checks and/or cash.

At no time did **HENDERSON** or his co-conspirators disclose to MFA **HENDERSON**'s receipt of these kickback payments or that **HENDERSON** steered contracts to Hardy Plumbing.

OVERT ACTS

In furtherance of the conspiracy and to effect the illegal objects thereof, the following overt acts, among others, were committed in the Western District of Virginia and elsewhere:

17. At various times from in or about June 1998 to 2003, **HENDERSON** provided invoices to Hardy Plumbing for fictitious inspection services of work Hardy Plumbing had performed for MFA.

18. At various times from in or about June 1998 through December 2006, Hardy Plumbing, Holland, and Sumpter made payments to **HENDERSON** totaling more than \$250,000.

19. On numerous occasions, **HENDERSON** directed Holland to prepare fabricated quotes for MFA contracts from companies whose names **HENDERSON** provided, along with the prices they should quote. Holland provided this information to Sumpter, who created fictitious competitor price quotes and submitted them to MFA to create the false appearance of competition for contracts MFA awarded to Hardy Plumbing.

20. At various times from in or about June 1998 through December 2006, Hardy Plumbing submitted invoices to MFA relating to work Hardy Plumbing did for MFA resulting from the scheme and artifice to defraud and deprive.

21. At various times from in or about June 1998 through December 2006, MFA received invoices from and made payments to Hardy Plumbing totaling more than \$3 million in

connection with MFA contracts that were subject to the scheme and artifice to defraud and deprive.

22. For the purpose of executing or attempting to execute the above-described scheme, **HENDERSON**, Holland, and Sumpter knowingly caused to be delivered by United States Postal Service to Hardy, Virginia, according to the direction thereon, in the Western District of Virginia, numerous checks with which MFA paid Hardy Plumbing in response to invoices Hardy Plumbing submitted to MFA, including a check for \$16,530 mailed by MFA on or about November 17, 2006, in response to an invoice dated November 15, 2006.

23. All in violation of Title 18, United States Code, Section 1349.

COUNT TWO
(Conspiracy – 18 U.S.C. § 1349)

The United States Attorney charges:

24. Paragraphs 1 through 4 and 7 through 10 of the Introduction are incorporated by reference into this Count of the Information as if fully set forth herein.

CONSPIRACY

25. From in or about July 2005 and continuing until at least December 2006, the exact dates being unknown, in the Western District of Virginia and elsewhere, defendant **JOHN D. HENDERSON** intentionally combined, conspired, confederated and agreed with CC-1, CC-2, Gary L. Johns, Edward T. Fodrey, and other co-conspirators, both known and unknown to the United States, to violate Title 18 United States Code, Sections 1341 and 1346, to wit, devised and intended to devise a scheme and artifice to defraud MFA of its right to the honest and faithful services of **HENDERSON** through kickbacks, bribery and concealment of material

information, and for obtaining money from MFA by means of materially false and fraudulent pretenses, representations, and promises.

PURPOSE OF THE SCHEME

26. The purpose of the scheme and artifice was for **HENDERSON** to secretly use his position with MFA: (1) to enrich himself by soliciting and accepting payments from CC-1 and/or Roofing Company, from Johns and/or SCD, and from Fodrey in exchange for favorable official action; (2) to enrich CC-2 by soliciting payments to CC-2 from CC-1 and/or Roofing Company and from Fodrey in exchange for favorable official action; and (3) for CC-1, CC-2, Johns, and Fodrey to enrich themselves by secretly obtaining favorable official action for Roofing Company, Home Improvement Company, SCD, and Fodrey through corrupt means, and to obtain money from MFA by means of materially false and fraudulent pretenses, representations, and promises.

**THE MANNER AND MEANS BY WHICH
THE CONSPIRACY WAS CARRIED OUT**

The conspiracy was carried out in the following manner and means, among others:

27. In or about July 2005, **HENDERSON** agreed with CC-1 and CC-2 to defraud MFA by, among other things, using his position at MFA to circumvent MFA's competitive procurement process and steer contracts to Roofing Company in return for monetary payments to **HENDERSON** and/or CC-2, with whom he had a personal relationship.

28. In or about March 2006, **HENDERSON** agreed with Johns to defraud MFA by, among other things, using his position at MFA to circumvent MFA's competitive procurement process and steer contracts to SCD in return for monetary payments to **HENDERSON**.

29. In or about May 2006, **HENDERSON** agreed with CC-2 to defraud MFA by, among other things, using his position at MFA to circumvent MFA's competitive procurement process and steer contracts to Home Improvement Company.

30. In or about May 2006, CC-2 agreed to pay Fodrey to complete MFA work that **HENDERSON** steered to Home Improvement Company by, among other things, using his position at MFA to circumvent MFA's competitive procurement process.

31. In or about June 2006, **HENDERSON**, CC-2, Johns, and Fodrey agreed that SCD would subcontract to Fodrey work that **HENDERSON** had steered to SCD, in return for monetary payments from Fodrey to **HENDERSON** and/or CC-2.

32. In or about June 2006, **HENDERSON** agreed with Fodrey to defraud MFA by, among other things, using his position at MFA to circumvent MFA's competitive procurement process and steer contracts to Fodrey in return for monetary payments to **HENDERSON**.

33. From in or about July 2005 through December 2006, **HENDERSON** used his position at MFA to steer contracts to Roofing Company, Home Improvement Company, SCD, and Fodrey by, among other things:

(a) creating or causing others to create fictitious competitor quotes to MFA that were higher than the quotes submitted by the company to which he wanted to steer the contract, in order to create the false appearance of competition;

(b) tampering with quotes submitted by non-favored companies to render them higher than quotes submitted by companies to which he wanted to steer contracts;

(c) telling Fodrey the amounts Fodrey should quote to MFA for specific contracts; and

(d) soliciting or directing subordinates to solicit quotes for MFA only from the company to which he wanted to steer contracts.

34. **HENDERSON**, CC-1, CC-2, Johns, and Fodrey took steps to hide, conceal, and cover up their activity and the nature and scope of their dealings by, among other things:

- (a) paying **HENDERSON** by checks made out to a fictitious business name;
- (b) paying **HENDERSON** with cash;
- (c) directly depositing payments into **HENDERSON**'s bank account; and
- (d) having CC-1 characterize payments to **HENDERSON** and CC-2 as "finder's fees."

At no time did **HENDERSON** or his co-conspirators disclose to MFA **HENDERSON**'s receipt of these kickback payments, or that **HENDERSON** steered contracts to Roofing Company, Home Improvement Company, SCD, and Fodrey.

OVERT ACTS

In furtherance of the conspiracy and to effect the illegal objects thereof, the following overt acts, among others, were committed in the Western District of Virginia and elsewhere:

35. At various times from in or about December 2005 through at least October 2006, CC-1 and/or Roofing Company made payments to **HENDERSON** totaling at least \$59,000.

36. At various times from in or about March 2006 through at least November 2006, Johns and/or SCD made payments to **HENDERSON** totaling at least \$124,600.

37. At various times from in or about June 2006 through at least December 2006, Fodrey made payments to **HENDERSON** totaling a least \$126,500.

38. At various times from in or about August 2005 through at least July 2006, CC-1 and/or Roofing Company made payments to CC-2 totaling at least \$101,000.

39. At various times from in or about December 2005 through at least November 2006, Roofing Company submitted invoices to MFA relating to work Roofing Company did for MFA.

40. At various times from in or about May 2006 through at least June 2006, Home Improvement Company submitted invoices to MFA relating to work Home Improvement Company did for MFA.

41. At various times from in or about March 2006 through at least November 2006, SCD submitted invoices to MFA relating to work SCD did for MFA.

42. At various times from in or about July 2006 through at least December 2006, Fodrey submitted invoices to MFA relating to work Fodrey did for MFA.

43. At various times from in or about December 2005 through at least October 2006, MFA made payments to Roofing Company totaling at least \$917,000 in connection with MFA contracts that were subject to the scheme and artifice to defraud and deprive.

44. At various times in or about June 2006 through at least July 2006, MFA made payments to Home Improvement Company totaling at least \$73,000 in connection with MFA contracts that were subject to the scheme and artifice to defraud and deprive.

45. At various times in or about March 2006 through at least November 2006, MFA made payments to SCD totaling at least \$1,000,000 in connection with MFA contracts that were subject to the scheme and artifice to defraud and deprive.

46. At various times in or about July 2006 through at least December 2006, MFA made payments to Fodrey totaling at least \$442,000 in connection with MFA contracts that were subject to the scheme and artifice to defraud and deprive.

47. For the purpose of executing or attempting to execute the above-described scheme, **HENDERSON** and his co-conspirators knowingly caused to be delivered by United States Postal Service to various locations according to the directions thereon, in the Western District of Virginia, numerous checks with which MFA paid Roofing Company, SCD, and Fodrey, in response to invoices Roofing Company, SCD, and Fodrey submitted to MFA, including the following checks mailed on or about the following dates:

<u>Date</u>	<u>Payer</u>	<u>Payee</u>	<u>Amount</u>
7/21/2006	Parham Health Care & Rehabilitation Center	Roofing Company	\$14,000
11/21/2006	Chesapeake Health Care Center	SCD	\$75,000
11/21/2006	Henrico Health Center	Fodrey	\$29,000

48. All in violation of Title 18, United States Code, Section 1349.

COUNT THREE
(Tax Evasion – 26 U.S.C. § 7201)

The United States Attorney charges:

49. Paragraphs 18 and 35 through 37 of the Information are incorporated by reference into this Count of the Information as if fully set forth herein.

50. That on or about the 31st day of January 2006, in the Western District of Virginia, **JOHN D. HENDERSON**, a resident of Roanoke, Virginia, did willfully attempt to evade and defeat a large part of the income tax due and owing by him to the United States of America for the calendar year 2005, by preparing and causing to be prepared, and by signing and causing to be signed, a false and fraudulent U.S. Individual Income Tax Return, Form 1040, which was filed with the Internal Revenue Service. In fact, as he then and there knew, his taxable income

for the calendar year was substantially in excess of the amount stated on the return, and, upon the additional taxable income, a substantial additional tax was due and owing to the United States of America.

51. All in violation of Title 26, United States Code, Section 7201.

COUNT FOUR
(Tax Evasion – 26 U.S.C. § 7201)

The United States Attorney charges:

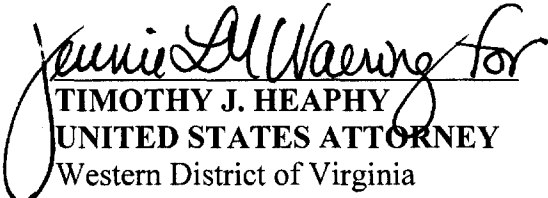
52. Paragraphs 18 and 35 through 37 of the Information are incorporated by reference into this Count of the Information as if fully set forth herein.

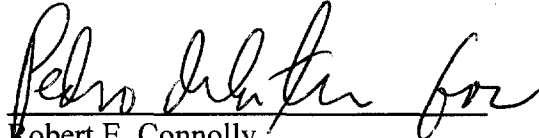
53. That on or about the 7th day of April 2007, in the Eastern District of Virginia, Defendant **JOHN D. HENDERSON**, a resident of Newport News, Virginia, who during the calendar year 2006 was married, did willfully attempt to evade and defeat a large part of the income tax due and owing by him and his spouse to the United States of America for the calendar year 2006, by preparing and causing to be prepared, and by signing and causing to be signed, a false and fraudulent joint U.S. Individual Income Tax Return, Form 1040, on behalf of himself and his spouse, which was filed with the Internal Revenue Service. In fact, as he then and there knew, their taxable income for the calendar year was substantially in excess of the amount stated on the return, and, upon the additional taxable income, a substantial additional tax was due and owing to the United States of America.

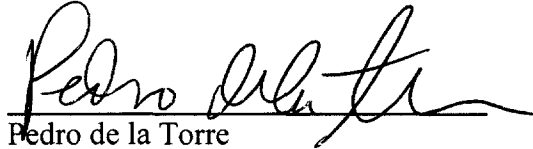
54. All in violation of Title 26, United States Code, Section 7201.

3/14/12
Date

2/16/12
Date


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