

CLERK'S OFFICE U.S. DIST. COURT  
AT ROANOKE, VA  
FILED

OCT 18 2011

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UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF VIRGINIA  
ROANOKE DIVISION

UNITED STATES OF AMERICA )

INFORMATION

v. )

Criminal Number 7:11 CR 77

In violation of )

18 U.S.C. § 1349 )

DONALD R. HOLLAND )

LARRY R. SUMPTER )

THE UNITED STATES ATTORNEY CHARGES THAT:

COUNT ONE  
(Conspiracy to Commit Mail Fraud)

INTRODUCTION

At all times material to this Information:

1. Defendant **DONALD R. HOLLAND** was a resident of Hardy, Virginia. From at least June 1998 to at least December 2006, **HOLLAND** was an owner of Hardy Plumbing & Heating Corp. ("Hardy Plumbing"), a Virginia corporation located in Hardy, Virginia.

2. Defendant **LARRY R. SUMPTER** was a resident of Roanoke, Virginia. From at least June 1998 to at least December 2006, **SUMPTER** was, at various times, an employee, manager and/or co-owner of Hardy Plumbing.

3. Medical Facilities of America, Inc., a Virginia corporation with its headquarters in Roanoke, Virginia, owned and operated healthcare and nursing home facilities throughout Virginia. The company is 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."

4. 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 Capital Expenditure Request forms (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. 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. From at least June 1998 through December 22, 2006, co-conspirator 1 ("CC-1") was the Director of Corporate Maintenance and Renovations at Medical Facilities of America, Inc. CC-1's duties included overseeing maintenance, repairs and renovations of the various MFA locations throughout Virginia. CC-1 also was responsible for obtaining quotes from contractors and vendors for capital improvements and equipment purchases, and for initially reviewing CERs prior to their submission to his/her supervisors for review and approval.

6. During the period June 1998 to at least December 2006, MFA awarded contracts to Hardy Plumbing pursuant both to its competitive quote process and its emergency award process, to perform work at MFA facilities throughout Virginia.

**CONSPIRACY**

7. 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, defendants **HOLLAND** and **SUMPTER** willfully and knowingly combined, conspired, confederated and agreed together, with each other and with CC-1, to violate Title 18, United States Code, Section 1341, to wit, to devise with intent to defraud a scheme and artifice to defraud and to obtain money by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing or attempting to execute the aforesaid scheme and artifice, operated in substance as follows:

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

8. In or about June 1998, **HOLLAND** and **SUMPTER** agreed with CC-1 to defraud MFA by, among other things, having CC-1 use his/her position at MFA to circumvent MFA's competitive procurement process and steer contracts to Hardy Plumbing in return for monetary payments to CC-1. **HOLLAND**, **SUMPTER**, and CC-1, by their acts in furtherance of the conspiracy, enriched or attempted to enrich themselves and deprived MFA of competitive pricing for maintenance, repair and renovation work to the financial detriment of MFA.

9. From in or about June 1998 through December 2006, CC-1 would use his/her 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, 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 CC-1 in return for those contracts; and

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

10. To conceal that **HOLLAND** and **SUMPTER** were paying CC-1 kickbacks:

(a) from in or about June 1998 until sometime in 2003, CC-1, using a fictitious business name, would bill Hardy Plumbing, purportedly for inspecting Hardy Plumbing's work for MFA, and Hardy Plumbing would pay CC-1 by corporate checks and

(b) beginning sometime in 2003 until December 2006, **HOLLAND** and **SUMPTER** would pay CC-1 by personal checks and/or cash.

#### 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:

11. At various times from in or about June 1998 to 2003, CC-1 provided invoices to Hardy Plumbing for fictitious inspection services of work Hardy Plumbing had performed for MFA.

12. At various times from in or about June 1998 through 2006, **HOLLAND** and **SUMPTER** made payments to CC-1 totaling more than \$250,000, by checks drawn on Hardy

Plumbing's business account, by checks drawn on their individual or joint accounts, and with cash.

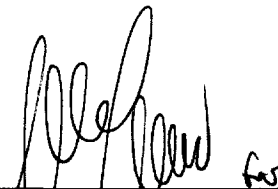
13. On numerous occasions, CC-1 directed **HOLLAND** to prepare fabricated quotes for MFA contracts from companies whose names CC-1 provided, along with the prices they should quote. **HOLLAND** provided that information to **SUMPTER**, who created fictitious competitor price quotes and submitted them to MFA to create the false appearance of competition for contracts MFA awarded to Hardy Plumbing.

14. At various times from in or about June 1998 through December 2006, Hardy Plumbing submitted invoices to MFA and received gross revenues totaling more than \$3 million in connection with MFA contracts that were subject to the scheme and artifice to defraud and deprive MFA.

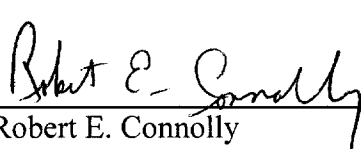
15. For the purpose of executing or attempting to execute the above-described scheme, **HOLLAND** and **SUMPTER** knowingly caused to be delivered by United States Postal Service to Hardy, Virginia, according to the direction thereon, in the Western District of Virginia, several of the checks with which 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, which Hardy Plumbing submitted to MFA.

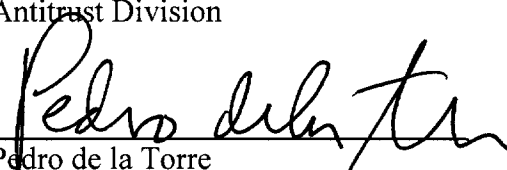
16. All in violation of Title 18, United States Code, Section 1349.

8/25/11  
Date

  
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8/18/11  
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