

SEALED

UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND

UNITED STATES OF AMERICA

v.

VICTOR M. MARQUEZ,

Defendant.

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Criminal No.

JRR 24 cr 296

(Conspiracy to Commit Wire Fraud, 18 U.S.C. §
1349; Wire Fraud, 18 U.S.C. § 1343; and Major
Fraud Against the United States, 18 U.S.C. §1031;
Forfeiture, 18 U.S.C. §982(a)(3)(C); 18 U.S.C. §
981(a)(1)(C); 28 U.S.C. § 2461(c); 21 U.S.C.
§ 853(p))

UNDER SEAL

VC
FILED _____ ENTERED _____
LOGGED _____ RECEIVED _____

OCT - 9 2024

INDICTMENT

The Grand Jury for the District of Maryland charges:

BY *BY* AT BALTIMORE
CLERK, U.S. DISTRICT COURT
DISTRICT OF MARYLAND DEPUTY

COUNT ONE

(18 U.S.C. § 1349: Conspiracy to Commit Wire Fraud)

At times relevant to this Indictment:

1. The United States Department of Defense and other federal agencies regularly purchased information technology ("IT") solutions to satisfy specific operational needs. Such solutions, which may consist of both hardware and software products ("IT Products"), often totaled millions of dollars. These IT solutions were integral to the United States' ability to manage, secure, and protect sensitive data.

2. In 2018 and 2019, an agency of the Department of Defense began the process of building such a solution to update data centers located in Maryland and Hawaii (the "2019 Data Center Procurement"). The government evaluated its needs, consulted with subject matter experts, and conducted market research. After conducting its analysis, the government identified products

to meet the needs of the 2019 Data Center Procurement and set a budget of \$5 million per site, for a total of \$10 million.

3. To secure the best deal for taxpayers—and to promote free and fair competition—the Department of Defense runs a bidding process to award contracts. In the case of the 2019 Data Center Procurement, the purpose of the bidding process was to obtain goods at the lowest price possible while meeting certain technical requirements. The Department of Defense expected and required that companies bid competitively and independently for the 2019 Data Center Procurement and by rule obtained two or more bids from eligible bidders prior to purchasing the IT Products.

4. For companies to be eligible to bid on the 2019 Data Center Procurement, the Department of Defense and its contracts required companies to submit certifications through the federal government’s online System for Award Management (SAM.gov), which were recertified from time to time. One of those certifications was the Certificate of Independent Price Determination as required under the Federal Acquisition Regulation (“FAR”).

Defendant and His Co-conspirators

5. Defendant **MARQUEZ** was a United States citizen residing in the State and District of Maryland. Defendant **MARQUEZ** was the founder and owner of Company 1 and Company 2.

6. Co-Conspirator 1 was employed by Company 2. Co-Conspirator 1 provided on-site technology support, including by, among other things, building and managing data centers used by the United States government.

7. Co-Conspirator 2 was employed by Company 4. Co-Conspirator 2 was an IT salesman and focused his efforts on selling to federal government end users. By virtue of his role, he had regular access to government facilities and information related to upcoming procurements.

8. Co-Conspirator 3 was a United States citizen residing in the Commonwealth of Virginia. Co-Conspirator 3 was a government account representative employed by Company 3. Company 3 also submitted bids for government procurements and sold IT Products to the United States government.

9. **MARQUEZ**, along with members of his family and other co-conspirators, managed the operations of Company 1 and Company 2. Company 1 submitted bids for government procurements and sold IT Products to the United States government as a prime contractor. Company 2 was a government contractor that provides on-site services, including consultant work as relevant to IT procurements such as the 2019 Data Center Procurement.

10. To secure the 2019 Data Center Procurement, from time to time, **MARQUEZ** certified Company 1's compliance with various provisions of the FAR. Among the provisions with which **MARQUEZ** certified Company 1's compliance was FAR 52.203-2 ("Certificate of Independent Price Determination"). By signing the Certificate of Independent Price Determination, the signatory and those listed therein promised, among other things, the following:

(1) The prices in this offer have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other offeror or competitor relating to-

(i) Those prices;

(ii) The intention to submit an offer; or

(iii) The methods or factors used to calculate the prices offered.

(2) The prices in this offer have not been and will not be knowingly disclosed by the offeror, directly or indirectly, to any other offeror or

competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and

(3) No attempt has been made or will be made by the offeror to induce any other concern to submit or not to submit an offer for the purpose of restricting competition.

The Scheme to Defraud

11. From as early as 2018 and continuing through at least as late as May 2019, in the District of Maryland and elsewhere, the Defendant,

VICTOR M. MARQUEZ,

and others both known and unknown to the Grand Jury, did knowingly and with the intent to defraud, devise and intend to devise a scheme and artifice to defraud (“Scheme to Defraud”), and for obtaining money and property by means of materially false and fraudulent pretenses, representations and promises, that is, the Defendant knowingly sought to defraud the U.S. Department of Defense by submitting, via interstate wires, materially false, fraudulent, and misleading bids and certifications and to inflate the amount of money and property obtained as a result of those bids and certifications, including the payments described in Counts Two and Three, which caused economic harm, in violation of Title 18, United States Code, Section 1343.

The Conspiracy to Execute the Scheme to Defraud

12. From as early as 2018 and continuing through at least as late as May 2019, in the District of Maryland and elsewhere, the Defendant,

VICTOR M. MARQUEZ,

did knowingly and willfully conspire, combine, confederate, and agree with Co-Conspirator 1, Co-Conspirator 2, Co-Conspirator 3, and other persons known and unknown to the Grand Jury to commit wire fraud, that is, to knowingly execute and attempt to execute the Scheme to Defraud through the use of interstate wires, in violation of Title 18, United States Code, Section 1343.

Manner and Means

13. The manner and means by which the Defendant sought to accomplish the Conspiracy and the Scheme to Defraud included, but were not limited to, the following:

- a. **MARQUEZ** and his co-conspirators communicated about rigging bids and agreed to rig bids to sell IT Products to the government;
- b. **MARQUEZ** and his co-conspirators solicited complementary, rigged bids from co-conspirators that were intentionally inflated and not intended to win, despite knowing that the government required two or more independent bids;
- c. **MARQUEZ** and his co-conspirators coordinated bids on behalf of value-added resellers (“VARs”) and Company 3, including by submitting intentionally noncompetitive “high price third bid[s]”;
- d. **MARQUEZ** and his co-conspirators agreed to prepare and submit one or more bids to sell IT Products to the United States government and various of its agencies and departments to give the appearance of competition when, in fact, the price and other information on each bid or quote submitted had been agreed among the Defendant and his co-conspirators, despite knowing that the government required two or more independent bids;
- e. **MARQUEZ** and his co-conspirators agreed to prepare and submit, then prepared and submitted, to the United States government bids and quotes to sell IT Products to make it appear to the government that Defendant had competed when, in fact, Defendant and his co-conspirators had arranged in advance which company would

win and submitted quotes and bids at artificially determined, non-competitive prices;

- f. **MARQUEZ** received payments for IT Products at artificially determined, non-independent prices, and used proceeds of his nearly \$2.25 million in unlawful gains for personal expenses and expenses unrelated to the 2019 Data Center Procurement;
- g. **MARQUEZ** received payment from the government and made wire transfers to co-conspirators of funds paid by the government in exchange for the IT Products solicited in the 2019 Data Center Procurement.

Acts In Furtherance of the Conspiracy and Scheme to Defraud

14. In furtherance of the Conspiracy and Scheme to Defraud, to accomplish their objects, the following acts were committed in the District of Maryland, and elsewhere:

- a. **MARQUEZ** offered to pay Co-Conspirator 1 for his assistance in ensuring **MARQUEZ**'s Company 1 won the 2019 Data Center Procurement;
- b. **MARQUEZ** instructed Co-Conspirator 1, who had access to confidential procurement information, to conceal **MARQUEZ**'s ownership of Company 1 from Department of Defense employees responsible for managing the 2019 Data Center Procurement;
- c. on or about January 24, 2019, Co-Conspirator 2 emailed **MARQUEZ** and Co-Conspirator 3, asking them to find out the third bidder for the 2019 Data Center Procurement and asking Co-Conspirator 3 to "send your responses in today? And maybe throw in a third bid with [an affiliate of Company 3]?"
- d. on or about January 24, 2019, Co-Conspirator 3 emailed to confirm his intent to submit an intentionally "high price third bid" in response to the 2019 Data Center

Procurement: “Also procurement reached out directly to [Company 3] so I will be submitting a high price third bid, is there any easy way to get all of the skus on your quote into my [Company 3 system] without me just copy pasting?”

- e. on or about January 24, 2019, Co-Conspirator 3 coordinated the submission of Company 3’s 2019 Data Center Procurement bid with **MARQUEZ**’s submission of Company 1’s bid: “Hey Vic [i.e., **MARQUEZ**], Can you let me know when you [sic] bids are submitted, I want to wait for you to submit yours before I submit just to make sure everything is good to go. I’m getting everything prepped on my side now.”
- f. on or about January 31, 2019, **MARQUEZ** signed the “Solicitation/Contract/Order for Commercial Items” for the 2019 Data Center Procurements, Contract Nos. H98230-19-C-0123 and -0124, with each contract valued at approximately \$4.85 million, on behalf of Company 1, falsely certifying that Company 1 complied with the Certificate of Independent Price Determination;
- g. on or about January 31, 2019, Defendant **MARQUEZ**, in order to induce the United States to award Company 1 the 2019 Data Center Procurement and to inflate the amount of money and property obtained, caused to be submitted to the United States Company 1’s false certification of compliance with certain Federal Acquisition Regulation certifications, including FAR 52-203.2 (Certificate of Independent Price Determination), falsely attesting that the prices in Company 1’s bid in response to the 2019 Data Center Procurement had been arrived at independently and had not been shared with any other offeror or competitor.

- h. on or about May 7, 2019, **MARQUEZ** received a wire payment of funds from the United States Government as payment for the 2019 Data Center Procurements;
- i. on or about May 9, 2019, **MARQUEZ** received a second wire payment of funds from the United States Government as payment for the 2019 Data Center Procurements; and
- j. on or about May 9, 2019, **MARQUEZ** initiated a wire payment of funds received from the United States Government as payment for the 2019 Data Center Procurements, from a bank account ending in x1978 in the name of Company 1 to a bank account ending in x1343 in the name of Company 1, but controlled by an executive of Company 3.

18 U.S.C. § 1349

COUNTS TWO AND THREE

(18 U.S.C. § 1343: Wire Fraud)

The Grand Jury for the District of Maryland further charges that:

1. The allegations in Paragraphs 1 through 10 and 12 through 13 of Count One are incorporated herein by reference.

2. On or about the dates set forth below, in the District of Maryland and elsewhere, the Defendant,

VICTOR M. MARQUEZ,

knowingly and willfully executed and attempted to execute the Scheme to Defraud with the intent to defraud the United States and to obtain money and property by means of materially false and fraudulent pretenses, representations, promises, and material omissions, and for the purpose of executing such Scheme to Defraud did knowingly transmit and cause to be transmitted by means of wire communication, in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, two fraudulently procured payments in response to the 2019 Data Center Procurement, as set forth below:

COUNT	DATE	DESCRIPTION	INTERSTATE WIRES
2	May 7, 2019	Payment received from United States Government for the 2019 Data Center Procurement.	Wire payment of \$8,195,992.52 from Maryland to Virginia
3	May 9, 2019	Payment received from United States Government for the 2019 Data Center Procurement.	Wire payment of \$1,448,974.79 from Maryland to Virginia

18 U.S.C. § 1343

18 U.S.C. § 2

COUNT FOUR

(18 U.S.C. § 1031: Major Fraud)

The Grand Jury for the District of Maryland further charges that:

1. The allegations in Paragraphs 1 through 10 and 12 through 13 of Count One are incorporated herein by reference.

2. From as early as 2018 and continuing through at least as late as May 2019, in the District of Maryland and elsewhere, the Defendant,

VICTOR M. MARQUEZ,

in connection with the 2019 Data Center Procurement which was awarded to Company 1 on January 31, 2019, and was valued at \$1 million or more, knowingly executed and attempted to execute the Scheme to Defraud with the intent to defraud the United States and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises.

18 U.S.C. § 1031

18 U.S.C. § 2

FORFEITURE ALLEGATION

The Grand Jury for the District of Maryland further finds that:

1. Pursuant to Fed. R. Crim. P. 32.2, notice is hereby given to the Defendant **MARQUEZ** that the United States will seek forfeiture as a part of any sentence in accordance with 18 U.S.C. § 981(a)(1)(C), 18 U.S.C. § 982(a)(3)(C), 21 U.S.C. § 853(p), and 28 U.S.C. § 2461(c), in the event of Defendant's convictions on the offenses alleged in Counts One through Four of this Indictment.

2. Upon conviction of any of the offenses alleged in Counts One and Four of this Indictment, the Defendant,

VICTOR M. MARQUEZ,

shall forfeit to the United States, pursuant to 18 U.S.C. § 982(a)(3)(C), any property constituting, or derived from, proceeds obtained directly or indirectly, as the result of such offense, including but not limited to a forfeiture money judgment of at least \$3 million.

3. Upon conviction of the offense alleged in Counts One, Two and Three of this Indictment, Defendant

VICTOR M. MARQUEZ

shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), any property constituting, or derived from, proceeds obtained directly or indirectly, as the result of such offense, including but not limited to a forfeiture money judgment of at least \$3 million.

Substitute Assets

4. If any of the property described above, as a result of any act or omission of the defendant:

a. cannot be located upon the exercise of due diligence;

- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property that cannot be divided without difficulty;

the United States shall be entitled to forfeiture of substitute property up to the value of the forfeitable property described above pursuant to 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c).

18 U.S.C. § 982(a)(3)(C)

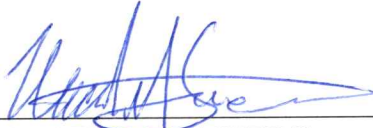
18 U.S.C. § 981(a)(1)(C)

28 U.S.C. § 2461(c)

21 U.S.C. § 853(p)

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Erik L. Barron / AZ

A TRUE BILL

SIGNATURE REDACTED

Foreperson

Date: 10-9-24