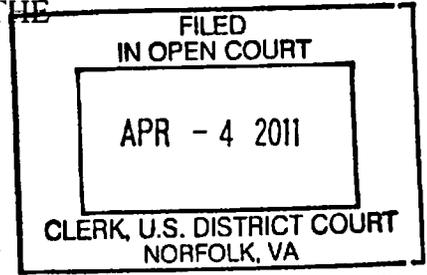


IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA
Norfolk Division



UNITED STATES OF AMERICA)
)
 v.) CRIMINAL NO.
)
 EDWARD T. FODREY,)
)
 Defendant.)

STATEMENT OF FACTS

The parties agree that the United States could have proven the following facts, which support the pleas of guilty, in this case beyond a reasonable doubt at trial:

1. EDWARD T. FODREY is a resident of Virginia and lived in Norfolk during 2006.
2. Medical Facilities of America, Inc., a Virginia corporation with its headquarters in Roanoke, owns and operates healthcare and nursing home facilities throughout Virginia. The company is affiliated with Medical Facilities of North Carolina, Inc., which owns and operates similar facilities in North Carolina, and Retirement Unlimited, Inc, which operates retirement communities in Virginia. These entities are referred to hereinafter collectively as "MFA."
3. From at least May 2006 to at least December 2006, MFA 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. Other times, as when a matter was an emergency or time was of the essence, MFA policy permitted the award of contracts upon

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receipt of a single price quotation.

4. From at least May 2006 until December 22, 2006, co-conspirator 1 ("CC-1 ") was the Director of Corporate Maintenance and Renovations at Medical Facilities of America, Inc.

Among his/her duties, CC-1 was in charge of overseeing maintenance, repairs and renovations of the various MFA locations throughout Virginia. Additionally, CC-1 was responsible for initially reviewing CERs and obtaining quotes from various contractors and vendors for capital improvements and equipment purchases to be submitted for his/her supervisor's review and approval.

5. In or about May 2006, an acquaintance of FODREY ("CC-2 ") told the defendant he/she knew the facilities manager of MFA, CC-1, that CC-1 was responsible for letting contracts for MFA, and that CC-1 had arranged to have MFA contracts awarded to CC-2. CC-2 proposed to FODREY that he perform the work required by the MFA contracts awarded to CC-2 and that CC-2 in return pay FODREY cash for the work he did. FODREY agreed. The arrangement between FODREY and CC-2 lasted only a brief period and ended due to a falling out between CC-1 and CC-2 in or about June 2006.

6. Shortly after entering into the arrangement, CC-2 introduced FODREY to CC-1. After the falling out with CC-2, CC-1 asked FODREY if he would finish work at two additional MFA jobs that had been left incomplete by CC-2. CC-1 explained to FODREY that he would not be paid for the work because CC-2 had already been paid up-front and CC-1 could not have MFA pay for the work a second time. However, CC-1 offered to arrange for additional MFA contracts for the defendant. FODREY agreed to complete the unfinished work on the promise of future MFA contracts.

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7. In or about June 2006, CC-2 asked FODREY if he was interested in subcontracting work for a company ("Company-1 ") that had been awarded a large contract to renovate an MFA facility located in Chesapeake, Virginia. CC-2 originally told FODREY that, in order to get the subcontract, FODREY would have to give CC-2 \$50,000 as a "finder's fee." However, due to the falling out between CC-1 and CC-2, CC-1 instructed FODREY to pay the money to CC-1 instead. Thereafter, FODREY provided a cashier's check for \$25,000 to CC-1 with the understanding that FODREY would pay the remaining \$25,000 upon the completion of the subcontract.

8. Also in or about June 2006, CC-1 told the defendant he/she could arrange to have MFA contracts awarded directly to FODREY in return for monetary payments to CC-1. FODREY agreed. FODREY understood the payments he was to make to CC-1 in return for MFA contracts were kickbacks.

9. As a result of the scheme, CC-1 used his position and influence at MFA to award approximately 13 contracts to FODREY, the last of which was awarded in December 2006. For some of those contracts, FODREY submitted a bid or proposal prior to the award of the contract. CC-1 told FODREY how much to bid in each instance. On other occasions FODREY received MFA jobs without submitting a prior quote. Similarly, CC-1 told FODREY the amount to bill MFA. FODREY always quoted or billed MFA the amount CC-1 instructed him to.

10. For each contract MFA awarded to the defendant, CC-1 told FODREY the amount the defendant would have to pay CC-1 as a kickback for obtaining the contract. Shortly after FODREY received payments from MFA, he would pay CC-1 the agreed upon amount. FODREY's payments to CC-1 took several forms, including business account and personal

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checks, money orders and cash. On several occasions FODREY deposited payments directly into CC-1's bank account, using deposit slips CC-1 provided him. From on or about May 2006 to December 2006, FODREY paid CC-1 over \$200,000 in kickbacks in return for MFA contracts and subcontracts.

11. All contracts awarded to FODREY as a result of the kickback scheme were for work done at MFA locations in the Eastern District of Virginia. Additionally, many of the deposits FODREY made into CC-1's bank account were made at locations in the Eastern District of Virginia.

12. Between about May 2006 through December 2006, FODREY received gross revenues totaling \$769,432 in connection with MFA contracts that were subject to the kickback scheme. Several of the checks with which MFA paid FODREY were delivered by the United States Postal Service in response to invoices FODREY submitted to MFA for payment, including a check for \$35,000 mailed in response to an invoice dated October 30, 2006, which FODREY submitted to MFA.

13. FODREY knew that as a result of the gross income he received in 2006 he was required to file a federal income tax return, but knowingly and willfully failed to file a federal income tax return for calendar year 2006.

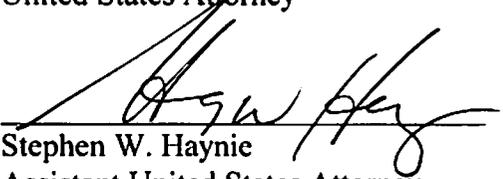
14. The acts taken by FODREY in furtherance of the offenses charged in this case, including the acts described above, were done knowingly and willfully. FODREY acknowledges that the foregoing statement of facts does not describe all of the defendant's conduct relating to the offenses charged in this case, nor does it identify all of the persons with whom defendant may have engaged in illegal activities.

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Respectfully Submitted,

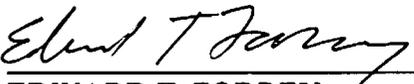
Neil H. MacBride
United States Attorney

By:


Stephen W. Haynie
Assistant United States Attorney

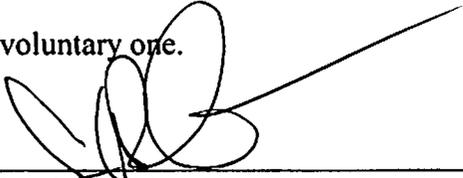

Pedro de la Torre
Richard S. Rosenberg
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Attorneys, Antitrust Division
U.S. Department of Justice

After consulting with my attorney, I hereby stipulate that the above Statement of Facts is true and accurate, and that had the matter proceeded to trial, the evidence would be sufficient to prove this case beyond a reasonable doubt.


EDWARD T. FODREY

3-21-11
Date

I am EDWARD T. FODREY'S attorney. I have carefully reviewed the above Statement of Facts with him. To my knowledge, his decision to stipulate to these facts is an informed and voluntary one.


Jon M. Babineau
Counsel for Defendant

3-21-11
Date

