

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Criminal No. 14-
 :
 v. : 18 U.S.C. §§ 201(b)(1)(A), (B)
 : and (C); 371; 981(a)(1)(C);
 DONNA DOREMUS : 26 U.S.C. § 7206(1); 28 U.S.C.
 : § 2461(c)
 :
 : I N F O R M A T I O N
 :

The defendant having waived in open court prosecution by indictment, the United States Attorney for the District of New Jersey charges:

COUNT 1

(Bribery of Public Official)

1. At all times relevant to Count 1 of this Information:
 - a. Defendant DONNA DOREMUS was a resident of Hopewell, New Jersey. Defendant DOREMUS formed and was the sole owner of three companies, Tyro General Construction ("Tyro"), Storm General Construction ("Storm") and DMD Drafting ("DMD") (collectively, the "Doremus Companies"). The Doremus Companies were retained by the Department of Veterans Affairs Medical Center, located in East Orange, New Jersey ("VAMC"), to perform various construction-related projects and were collectively paid over \$6 million for such projects.
 - b. Jarod Machinga was a Supervisory General Engineer at the VAMC. The VAMC often required maintenance, as well as new

construction. Machinga worked in the VAMC's Facility Management Service ("FMS"), which was responsible for identifying areas needing maintenance or new construction and then determining the best way to proceed. Machinga's duties included, but were not limited to: (1) negotiating construction packages for the VAMC; (2) ensuring construction was in accordance with contract specifications; (3) project design; and (4) staff management. Thus, Machinga had the authority and influence to direct certain VAMC contracts to particular contractors.

c. In addition to his work at VAMC, Machinga owned various businesses and real estate entities (collectively, the "Machinga Companies"). These companies incurred certain expenses and had a substantial amount of debt, including mortgages and credit card bills.

d. In their official capacity as VAMC employees, Machinga and employees who worked under him were issued Government Purchase Cards. These cards were credit cards issued to VAMC employees that were to be used only to purchase goods and services for official VAMC business.

e. The Doremus Companies were paid by the VAMC through Government Purchase Card charges and direct electronic transfers. Specifically, Tyro was paid through direct electronic transfers in connection with a service-disabled veteran-owned contract that it

received from the VAMC. All of the other payments to the Doremus Companies were made via Government Purchase Card charges.

2. From as early as in or about 2007 to in or about July 2012, in the District of New Jersey and elsewhere, defendant

DONNA DOREMUS

did knowingly and corruptly give, offer and promise payments to a public official, that is, Jarod Machinga, with the intent (i) to influence official acts of Machinga; (ii) to influence Machinga to commit or aid in committing, or collude in, or allow, any fraud, or make opportunity for the commission of any fraud, on the United States; and (iii) to induce Machinga to do and omit to do acts in violation of his lawful duties.

3. It was a part of this bribery scheme that:

a. With defendant DOREMUS's knowledge, Machinga used his position as a VAMC employee to award certain VAMC projects to the Doremus Companies. Machinga approved the use of VAMC Government Purchase Cards to pay the Doremus Companies for these projects. In total, the Doremus Companies were paid approximately \$3.4 million via VAMC Government Purchase Card transactions;

b. In exchange for Machinga's official action in directing VAMC projects and contracts to the Doremus Companies, defendant DOREMUS transferred a certain amount of the proceeds

that the Doremus Companies earned from the VAMC to the Machinga Companies; and

c. Defendant DOREMUS often transferred money to the Machinga Companies by going to her bank, located in Hopewell, New Jersey, withdrawing cash from the Doremus Companies' accounts and then depositing the cash directly into the Machinga Companies' accounts. Defendant DOREMUS transferred approximately \$671,975 to the Machinga Companies in this manner.

In violation of Title 18, United States Code, Sections 201(b)(1)(A), (B) and (C).

COUNT 2

(Conspiracy to Defraud the United States)

1. Paragraph 1 of Count 1 of this Information is realleged and incorporated as if fully set forth herein.

2. On or about January 5, 2009, Tyro entered into a service-disabled veteran-owned small business ("SDVOSB") contract with the VAMC. In this regard, Congress had established a program whereby federal contracting officers were authorized to restrict the award of certain contracts to small businesses owned by service-disabled veterans. Once a contract was designated as a SDVOSB contract, in order for a business to be eligible to obtain such a contract, it had to meet several requirements, including that a service-disabled veteran owned at least 51% of the business and controlled the management and daily operations of the business. Defendant DOREMUS was not a service-disabled veteran.

3. From as early as in or about 2009 to in or about July 2012, in the District of New Jersey and elsewhere, defendant

DONNA DOREMUS

did knowingly and intentionally conspire and agree with Machinga to defraud the United States, and in particular the VAMC, by obtaining money and property from the VAMC by means of materially false and fraudulent pretenses, representations and promises.

4. It was the object of the conspiracy for defendant DOREMUS

and Machinga to obtain money from the VAMC by falsely representing to the VAMC that Tyro was an SDVOSB so that Tyro could obtain from the VAMC a contract that was set aside for SDVOSBs and for which Tyro was ineligible.

Manner and Means of the Conspiracy

5. Defendant DOREMUS and Machinga obtained the name of a service-disabled veteran and falsely represented to the VAMC that Tyro was owned by that service-disabled veteran, so that Tyro could qualify for a VAMC SDVOSB contract. Subsequently, Machinga used his official position at the VAMC to award an SDVOSB contract to Tyro, and defendant DOREMUS signed an SDVOSB contract on behalf of Tyro, falsely acknowledging that Tyro was an SDVOSB. After Tyro received payments from the VAMC pursuant to the SDVOSB contract, defendant DOREMUS deposited a portion of these proceeds into her personal accounts, as well as accounts held by the Machinga Companies, thereby paying Machinga for the use of his official position in awarding a SDVOSB contract to Tyro.

Overt Acts

6. In furtherance of the conspiracy and to effectuate the objects thereof, defendant DOREMUS and Machinga committed, among other acts, the following overt acts in the District of New Jersey and elsewhere:

(a) At least as early as 2008, Machinga identified a service-disabled veteran (hereinafter the "SDV") who could qualify

for a VAMC SDVOSB contract if SDV owned and controlled a small business.

(b) Although Tyro was solely owned by defendant DOREMUS, in or about January 2008, Machinga entered the SDV's name into a certain Department of Veterans Affairs ("VA") database, falsely indicating that the SDV owned Tyro. Once the VA database reflected that Tyro was owned by the SDV, Tyro became eligible to receive a VAMC SDVOSB contract. Although Machinga indicated in the VA database that the SDV owned Tyro, he entered defendant DOREMUS's personal email address as Tyro's business email address. Subsequently, on or about January 2, 2008, defendant DOREMUS received an email from the VA at her personal email address, which was addressed to the SDV and stated that Tyro had been added to a VA database. The following day, defendant DOREMUS received an email from the VA at her personal email address, which stated that "Your Veteran Owned Small Business has been approved."

(c) In or about 2009, Machinga used his official position and influence as a VAMC employee to award an SDVOSB contract to Tyro. On or about January 5, 2009, defendant DOREMUS, on behalf of Tyro, signed an SDVOSB contract with the VAMC. This contract indicated that it was set aside for service-disabled veterans who owned at least 51% of the small business and controlled the management and daily business operations of the small business. The SDVOSB contract that Tyro entered into also was an Indefinite Delivery/Indefinite

Quantity ("IDIQ") contract for construction. The contract qualified Tyro to obtain task orders from the VAMC without having to bid against other contractors for a particular task order. Each task order could be worth up to \$495,000. The payment to Tyro for a particular task order was determined through direct negotiations between the VAMC and Tyro.

(d) Between in or about 2009 and in or about 2012, pursuant to its SDVOSB contract with the VAMC, Tyro was paid approximately \$3,367,193 by the VAMC. Defendant DOREMUS caused payments to be wired from a VAMC account to Tyro's bank account on the following dates:

<u>Date of Payment</u>	<u>Amount of Payment</u>
7/6/09	\$34,000
8/21/09	\$135,000
10/26/09	\$180,000
11/24/09	\$13,561
11/1/10	\$56,125
12/23/10	\$35,250
1/3/11	\$30,000
1/3/11	\$20,000
2/10/11	\$21,531
2/18/11	\$100,000
2/18/11	\$50,000
4/6/11	\$18,925
5/9/11	\$250,000
6/20/11	\$75,000
6/20/11	\$50,000
6/20/11	\$106,000
7/1/11	\$245,669
7/7/11	\$75,000
7/7/11	\$50,000
8/1/11	\$100,000
8/8/11	\$13,331
8/11/11	\$80,000
8/11/11	\$65,000

8/12/11	\$152,000
8/12/11	\$66,000
8/17/11	\$278,000
9/15/11	\$125,000
9/15/11	\$80,000
9/15/11	\$137,500
11/7/11	\$100,000
11/7/11	\$32,000
11/7/11	\$30,000
11/14/11	\$147,500
11/14/11	\$145,000
12/15/11	\$75,000
3/1/12	\$114,000
3/7/12	\$19,000

(e) After Tyro received the payments from the VAMC, defendant DOREMUS transferred a portion of these funds to her personal savings account, located at a bank in Hopewell, New Jersey, including transfers on the following dates:

<u>Transfer Date</u>	<u>Transfer Amount</u>
8/24/09	\$110,000
9/29/09	\$30,000
10/19/09	\$10,000
3/17/10	\$2,000
1/4/11	\$10,000
2/22/11	\$25,000
7/7/11	\$100,000
8/2/11	\$50,000
8/16/11	\$80,000
9/27/11	\$170,000
10/26/11	\$20,000
11/9/11	\$20,000
11/17/11	\$292,500
3/6/12	\$114,000
3/13/12	\$19,000

In violation of Title 18, United States Code, Section 371.

COUNTS 3 and 4

(False Federal Personal Tax Return)

1. Paragraphs 1 and 3 of Count 1 of this Information are realleged and incorporated as if fully set forth herein.

2. Defendant DOREMUS filed individual federal tax returns for 2009 and 2010. On or about October 14, 2010, defendant DOREMUS signed her 2009 federal tax return under penalties of perjury, and on or about October 28, 2011, defendant DOREMUS signed her 2010 federal tax return under penalties of perjury.

3. On her 2009 and 2010 individual federal income tax returns, defendant DOREMUS included Schedules C for each of the Doremus Companies, on which she reported each company's income and expenses. In addition, for tax years 2009 and 2010, defendant DOREMUS intentionally counted all of the Doremus Companies' business expenses against her total taxable individual income.

4. For both tax years 2009 and 2010, defendant DOREMUS intentionally falsely reported on the Schedules C for the Doremus Companies that certain of the bribe payments that she made to Machinga, as described in Counts 1 and 2 of this Information, as well as certain of her personal expenditures, in the following amounts, were the Doremus Companies' business expenses:

Tax Year	Bribe Payments and Personal Expenditures Reported as Doremus Company Business Expenditures
2009	\$535,256
2010	\$228,159

5. As a result of the false expenditures that defendant DOREMUS intentionally reported on her 2009 and 2010 federal income tax returns as described in paragraph 4, defendant DOREMUS failed to pay a total of approximately \$250,374 in federal income taxes that she owed the Internal Revenue Service ("IRS").

6. On or about the dates listed below, in the District of New Jersey and elsewhere, defendant

DONNA DOREMUS

knowingly and willfully did make and subscribe the following U.S. Individual Income Tax Returns, which each contained and was verified by a written declaration that it was made under the penalties of perjury, and which she did not believe to be true and correct as to every material matter:

Count	Tax Year	Date	False Return
3	2009	October 14, 2010	U.S. Individual Tax Return, Form 1040 for defendant DONNA DOREMUS
4	2010	October 28, 2011	U.S. Individual Tax Return, Form 1040 for defendant DONNA DOREMUS

In violation of Title 26, United States Code, Section 7206(1).

FORFEITURE ALLEGATION

1. The allegations contained in all paragraphs of Counts 1 and 2 of this Information are hereby realleged and incorporated as if fully set forth herein for the purpose of noticing forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. The United States hereby gives notice to defendant DONNA DOREMUS charged in Counts 1 and 2 of this Information that, upon conviction of the offenses charged in those counts, the government will seek forfeiture, in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c) of any and all property, real and personal, that constitutes and is derived from proceeds traceable to the violation of Title 18, United States Code, Section 201 or any property traceable to such property, alleged in Count 1 of this Information, including but not limited to a sum of money equal to at least \$671,975 in United States currency.

3. If by any act or omission of the defendant, any of the property subject to forfeiture described in paragraph 2 herein:

- 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 which cannot be divided without difficulty,
the United States of America will be entitled to forfeiture of substitute property up to the value of the property described above in paragraph 2, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

Paul J. Fishman /rah

PAUL J. FISHMAN
United States Attorney