



Department of Justice

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FOR IMMEDIATE RELEASE
THURSDAY, MAY 23, 2013
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Government Contractor Pleads Guilty To Major Government Fraud

Unlawfully Obtained \$4.4 Million In Contracts Intended For Disadvantaged Small Businesses

ALEXANDRIA, Va. – Michael Brian Dunkel, 59, of Merritt Island, Fl., pleaded guilty today to fraudulently obtaining more than \$4.4 million in government contract payments that should have gone to disadvantaged small businesses.

Neil H. MacBride, United States Attorney for the Eastern District of Virginia; Acting Assistant Attorney General Mythili Raman of the Justice Department's Criminal Division; National Aeronautics and Space Administration (NASA) Inspector General Paul K. Martin; Small Business Administration (SBA) Inspector General Peggy E. Gustafson; Defense Criminal Investigative Service (DCIS) Special Agent in Charge of Mid-Atlantic Field Office Robert E. Craig; General Services Administration (GSA) Inspector General Brian D. Miller; and Department of Homeland Security (DHS) Deputy Inspector General Charles K. Edwards made the announcement after the plea was accepted by United States District Judge Claude M. Hilton.

Dunkel was charged by criminal information on May 23, 2013, with one count of major government fraud. Dunkel faces a maximum penalty of 10 years in prison when he is sentenced on October 4, 2013. As part of his plea agreement, Dunkel has agreed to forfeit \$2.9 million.

According to court documents, Dunkel admitted that in 2005, he learned that Keith Hedman, an executive at an Arlington-based security service consulting company referred to as Company A in court records, illegally controlled Company B, another Arlington-based security service consulting company. Company B was a participant in the SBA "Section 8(a)" program, which enables certain small businesses to receive sole-source and competitive-bid contracts set aside for minority-owned and disadvantaged small businesses. Although Hedman controlled Company B, Company B had obtained its 8(a) status based on the disadvantaged status of Dawn Hamilton, its nominal owner.

Dunkel admitted that he agreed to pay Hedman and Company B a fee in exchange for Company B allowing Dunkel to use its 8(a) status to obtain NASA and other U.S. government contracts. Although Company B was required to perform at least 50% of the work on the contracts and had represented it would do so, no Company B employees actually performed any work. Instead, Dunkel and others did all of the work as independent contractors, but they concealed that fact from the government agencies. In addition, Dunkel submitted fraudulent proposals and invoices to hide their scheme, used a third-party company's Federal Employer Identification Number to prevent reporting of his contractor income to the IRS, and did not pay

any income taxes on the income he received from Company B.

Seven defendants, including Hedman and Hamilton, have previously pleaded guilty in connection with the government contracting fraud scheme and a related bribery scheme.

This case was investigated by NASA Office of the Inspector General (OIG), the SBA - OIG, DCIS-OIG, GSA-OIG, DHS-OIG, and with assistance from the Defense Contract Audit Agency. Assistant U.S. Attorneys Chad Golder and Ryan Faulconer, a former Trial Attorney for the Criminal Division's Fraud Section, are prosecuting the case on behalf of the United States.

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