Filed 1-23-14
Clerk, U. S. District Court
Western District of Texas
By KAH Deputy

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

UNITED STATES OF AMERICA,)		
Plaintiff,	)	
v.	)	**CRIMINAL NO. SA:11-CR-523-OG**
(2) VELMA I. SALINAS-NIX,	)	
Defendants.	)	

STATEMENT OF FACTS

1. Defendant VELMA I. SALINAS-NIX (the "defendant") was a resident of the Western District of Texas. From 2000 through at least 2009 (the "relevant period"), within the Western District of Texas and elsewhere, the defendant was aware that her husband had a working relationship with Person A, the President and CEO of Company A, pursuant to which the defendant's husband provided professional services to Company A and a related company (the "Companies"). The defendant was aware that Company A was a federal contractor.

2. The defendant was aware that her husband worked at Company A's offices in Chicago, Illinois. The defendant was also aware that on other occasions her husband worked for Company A from the joint residence of the defendant and her husband, located in Wood Dale, Illinois; from the joint residences of the defendant and her husband in San Antonio, Texas; and that her husband consulted for Company A while he was working abroad. In 2007, for example, the defendant contacted Person A and provided her husband's resume, asking Person A to re-hire him. The defendant was aware that, thereafter, her husband became "Chief of Contracting" at Company A.

3. During the relevant period, the defendant was aware that her husband earned substantial gross income from the Companies. The defendant's husband earned at least $500,000 for work performed by the defendant's husband on specific projects and for providing federal contract-related consulting and marketing services. The defendant was aware that her husband received payment for his services in multiple forms, including cash, blank money orders, checks, residential home improvements of the defendant and her husband's homes, paid housing and parking for the defendant's husband in Chicago, plumbing supplies, and use of a debit card, among other things. Most of the income was deposited into joint bank accounts of the defendant and her husband. In at least two instances during the relevant period, the defendant deposited into her bank account blank money orders that her husband received from Company A for $25,000 each. The defendant purposefully concealed the true source of the money orders by falsely writing the name and initials of her mother in the remitter field.

4. The defendant knowingly participated in spending her husband's income from Company A. For example, she used Home Depot cards and a debit card to cover personal expenses, such as furnishing her home in Boerne, Texas. Moreover, the defendant received gifts of substantial value from Person A during this time period, all well-knowing that Person A and the Companies had received and were seeking Army contracts and that the defendant's husband worked for the Companies. These gifts included a women's Rolex watch, a women's pearl bracelet, a trip for the

defendant and her husband to Panama with Person A, custom architecture drawings, and a $5,000 Home Depot gift card, among other things.

5. For tax years 2000 through 2008, the defendant and her husband prepared and filed, and caused to be prepared and filed, joint federal income tax returns, IRS Forms 1040, with the Internal Revenue Service. For tax years 2000 through 2004, and 2006 through 2008, the defendant willfully signed and subscribed joint tax returns under the penalties of perjury well-knowing that they were not true and correct as to every material matter in that the returns omitted all the income her husband received in the relevant year from the Companies. The tax returns included no Schedule C income for any of the defendant's work with the Companies, nor was the income included anywhere else on the tax returns, thus making line 22 indicating gross income materially false on each return. Specifically, for tax year 2004, the defendant willfully omitted income received from Company A of $95,000.

6. The defendant worked as a civilian employee of the U.S. Department of the Army (the "Army"). From at least 2000 through 2002, the defendant worked for the U.S. Army Corps of Engineers as Chief of Contracting for the Chicago, Illinois District. From January 2003 until at least in or about October 2009, the defendant worked for ACA - Americas (also known as the 410th Contracting Support Brigade) in San Antonio, Texas as a contracting official with substantial influence and responsibility over the expenditure of Army funds for procurement of goods and services. The

defendant's title was the Deputy Director and Alternate Principal Assistant Responsible for Contracting ("PARC").

7. While working for the Army, the defendant was required to sign and submit Confidential Financial Disclosure Reports, known as Office of Government Ethics Forms 450 ("OGE-450 Forms"), regarding her outside financial activities, and to review disclosure forms of other Army employees that she supervised. During 2004 through 2009, the defendant willfully signed and submitted to the Army materially false OGE-450 Forms. On these OGE-450 Forms, the defendant knowingly omitted income that her husband received from Company A during the relevant reporting period and gifts that she received from Person A and Company A during the relevant reporting period. For example, on January 31, 2007, the defendant knowingly submitted a false OGE-450 Form for the 2006 reporting period that omitted any reference to at least $20,000 in spousal income and a $5,000 gift that the defendant and her husband received from Person A and Company A in the form of Home Depot gift cards. During a voluntary interview that the defendant participated in with federal agents in October 2009, the defendant knowingly provided false information denying her husband's Company A income, the existence of large money orders provided by Company A, and the gifts she had received from Person A during the relevant period.

8. Defendant VELMA SALINAS-NIX admits that she intentionally committed the above-described acts – specifically, subscribing and filing false tax returns and submitting false

OGE-450 Forms – knowing that they were criminal in nature, and not by accident or mistake.

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Defendant's Acceptance

After consulting with my attorney and pursuant to the plea agreement entered into this date between Defendant VELMA SALINAS-NIX and the United States, I hereby stipulate that the above Statement of Facts are true and accurate, and that had the matter proceeded to trial, the United States could prove these facts beyond a reasonable doubt.

Date: 1-23-14

Velma Salinas-Nix
Defendant

I am VELMA SALINAS-NIX's attorney. I have carefully reviewed the above Statement of Facts with her. To my knowledge, her decision to stipulate to these facts is an informed and voluntary one.

Date: 1-23-14

Robert O. Switzer
Attorney for the Defendant