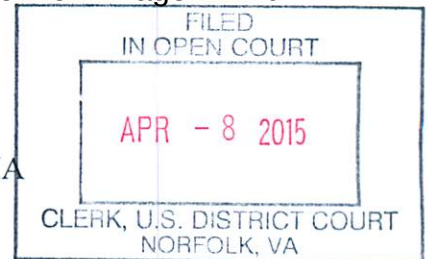


UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Norfolk Division



UNITED STATES OF AMERICA	)	
	)	CRIMINAL NO. 2:15mj180
v.	)	
	)	
DANIEL J. KRIPAROS,	)	
	)	
Defendant.	)	

STATEMENT OF FACTS

If this matter had gone to trial, the United States would have proven the charge contained within Count One of the Criminal Information beyond a reasonable doubt, by proof of the following facts, among others:

In February 2009, in the Eastern District of Virginia, DANIEL J. KRIPAROS ("Kriparos"), the defendant, became employed with the executive branch of the United States Government, namely, as a civilian System Engineer Technical Point of Contact (TPOC) for the AN-SLQ-25 (Nixie) systems, Naval Undersea Warfare Center (NUWC) Division Norfolk. During his employment with the Navy, the defendant did participate personally and substantially as a Government employee, through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, in an application, contract, claim, and other particular matter in which, to his knowledge, he had a financial interest.

The defendant, while assigned to the NUWC Division Norfolk, Virginia, as a TPOC System Engineer, was the owner of DJK Electronics, Inc., a company that was the sole manufacturer of several power supply modules, valued at approximately \$5,000 each, that were unique to the AN/SLQ-25 Nixie systems. The DJK Electronics power supply modules were purchased by the Navy prime contractor, ArgonST, Fairfax, Virginia, and sold to the Navy for use

A handwritten signature in blue ink, appearing to be "Curtis" or similar, with the initials "DJK" and "QPI" written below it.

in the Nixie systems. In the email dated July 13, 2009, approving the defendant's outside employment, the supervisor of the Nixie systems directed the defendant to quickly exclude himself from conversations or decision-making to the power supply modules relating to the Nixie systems or any matters related to DJK Electronics.

On January 20, 2010, defendant's spouse, CRK, signed a Teaming Agreement between Hamilton Consulting Solutions Corporation (HCSC) and CRK to provide power supply modules to ArgonST in support of the Nixie system. Thereafter, CRK began producing the power supply modules while working (at her home) for HCSC, in Chesapeake, Virginia, which, in turn, sold the modules to ArgonST. ArgonST thereafter sold the power supply modules to the Navy. This pattern of sales continued until CRK and HCSC agreed to discontinue their Teaming Agreement in January 2013.

On February 18, 2010, Kriparos sent an email to Jill Delor, Program Manager for ArgonST, stating that "I'm getting back to my regular duties which includes supporting the TB14B testing and other issues but require the letter from Argon stating that I have no further responsibilities (warranty info) with Argon. As we discussed this is paperwork only and I will continue to support Argon and the power supplies on delivered power supplies."

On March 18, 2010, Kriparos sent another email to Jill Delor stating, "I already turned it in [the letter]. Nobody has said anything but I've been working on 25A and C stuff without question."

In April 2013, CRK started a sole proprietorship registered under her married name called Custom Power Solutions (CPS) to produce power supplies for the Nixie system, using CRK's maiden name to avoid the appearance of a conflict of interest. CRK, doing business as CPS, worked at her home in Chesapeake, Virginia, and began selling the power supply modules to



ArgonST.

On October 13, 2013, CRK, doing business as CPS, submitted a quote for two power supply modules to ArgonST at \$6,213 each, at the request of ArgonST. This pattern of sales from CRK to ArgonST continued through the end of 2014.

On February 19, 2014, Kriparos spoke by phone with Cooperating Witness One (CW1). Kriparos stated that he had been contacted by ArgonST to provide a quote for power supplies. Kriparos admitted that he did provide a quote to ArgonST. After providing the quote, he told CW1 that he "wanted to get it out in the open." Later in the conversation, Kriparos claimed that ArgonST had insisted that they could not do business with him as he was DJK Electronics, so to solve that problem, Kriparos "went through" HCSC but was subsequently informed, after his spouse left HCSC, that was not a good idea either.

On May 15, 2014, Kriparos told federal agents that he received a call from ArgonST in 2009 advising Kriparos that ArgonST might have an issue with the purchase the power supplies from Kriparos because of a concern for the appearance of a conflict of interest based on comments from someone at NAVSEA. As a result, Kriparos stated that he began to seek ways to avoid the appearance of a conflict of interest. Kriparos further stated that he taught his wife to how to build the power supply modules in 1994, which was done in the garage of their family home. Kriparos further stated that CRK had been using her maiden name, Rogowski, rather than her husband's name, in order to remove or separate HCSC and CPS from DJK Electronics.

On the Executive Branch Confidential Financial Disclosure Report, OGE Form 450, which defendant was obligated to prepare and submit annually, defendant admitted that his spouse was attempting to sell the power supply business in 2014, however, defendant failed to list his spouse's income from the sale of the power supply modules in 2014, which did not appear on the OGE Form 450 for the year 2015.

Defendant and CRK earned approximately \$185,000 in commissions from ArgonST from the sale of the power supply modules, excluding labor and parts. The total amount of the contracts for the power supplies from 2009 to 2014 was approximately \$412,000.

DEFENDANT'S ACCEPTANCE

I have read the Statement of Facts in its entirety and discussed it with my attorney. I hereby acknowledge that it is accurate and complete.

Date: 4/8/15 
DANIEL J. KRIPAROS
Defendant

ATTORNEY'S ACKNOWLEDGMENT

I have read each of the pages consisting of the Statement of Facts with my client, and I have discussed the relation of the Statement of Facts to the attached Plea Agreement.

Date: 4/08/15 
Jeffrey A. Swartz
Counsel for Defendant