



U.S. Department of Justice

Ronald C. Machen Jr.
*United States Attorney for the
District of Columbia*

*Judiciary Center
555 Fourth St. N.W.
Washington, D.C. 20530*

PRESS RELEASE

FOR IMMEDIATE RELEASE

Friday, January 21, 2011

For Information Contact:

Public Affairs

(202) 252-6933

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Former Government Sub-Contractor Sentenced To Prison For Stealing \$1.8 Million From NIH Project

WASHINGTON - Nicole Shantelle Smith, a former government sub-contractor, was sentenced today to 20 months in prison after pleading guilty to a federal charge stemming from the theft of more than \$1.8 million from funds appropriated to the National Institutes of Health (NIH) for various construction projects throughout its main campus in Bethesda, Md.

According to the government's evidence, the stolen money helped cover payments for new homes, high-priced cars, luxury vacations to the Virgin Islands, Hawaii and other destinations, designer clothes and a variety of cosmetic procedures.

The sentencing, which took place this morning in U.S. District Court for the District of Columbia, was announced by U.S. Attorney Ronald C. Machen Jr. and Brian D. Miller, Inspector General, General Services Administration.

Smith, 38, of Upper Marlboro, Md., pled guilty in October 2010 to a one-count Information that charged her with theft of government property. She was sentenced by the Honorable Judge Reggie B. Walton. In addition to the prison time, the judge ordered Smith to make full restitution. Following completion of her prison term, she is to be placed on three years of supervised release and must complete 400 hours of community service.

In pleading guilty, Smith admitted that between July 2004 and September 2007, she created fraudulent General Services Administration (GSA) work orders for services that she was already being paid for. Smith spent most of the stolen funds on personal expenses and extravagances. In order to make up for the losses, NIH used money that otherwise would have gone toward biomedical research.

Based upon the statement of offense submitted to court by Assistant U.S. Attorney Susan B. Menzer, GSA had an agreement with NIH to assist in the construction and renovation of research centers throughout NIH's main campus in Bethesda, Md. From 1998 to 2007, she

worked as a GSA sub-contractor, providing contract administrative assistance on the NIH project.

Smith worked mostly under two prime contractors, Washington Business Group (WBG), and Project Support Services (PSS). Her duties included preparing work orders and initiating payment for the work. To perform these assignments, she had access to various databases, including the GSA's contractor invoice database and GSA's payment system.

In 2001, Smith formed her own company, NTT Consulting LLC (NTT), with a childhood friend who was also a GSA sub-contractor. Smith positioned NTT as a subcontractor to WBG and PSS on GSA contracts. The statement of offense cited four instances in which Smith abused her position of trust and systems access at GSA to fabricate work orders and direct corresponding payments for work that NTT had already been paid.

GSA paid WBG and PSS for the fictitious work orders. The firms, in turn, dispersed the funds into NTT's bank account. Ultimately, Smith overbilled the NIH project by \$1,885,650.

“Corrupt government contractors not only rip off the American taxpayer, but also sabotage public services, in this case lifesaving medical research,” said U.S. Attorney Machen. “This prosecution should serve as a warning to those who think they are clever enough to defraud the government. We will use every tool at our disposal to hold you accountable for your actions..”

GSA Inspector General Miller said, “Ms. Smith wrongfully took money from the American taxpayers. Theft by contractors will not be tolerated.”

In announcing the sentence, U.S. Attorney Machen and Inspector General Miller commended the outstanding investigative work of Special Agent Ronald Dawkins and Forensic Accountant Maria Boodoo and the legal administrative assistance of Jared Forney. They also praised the work of Assistant U.S. Attorney Susan B. Menzer, who prosecuted the case.

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