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STORY, B1

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Monday **64°/50°**



Tuesday **58°/38°**



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# Dayton Daily News

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SUNDAY, OCTOBER 16, 2011

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**In the news Sunday**

**U.S. to keep much fewer troops in Iraq**

An Obama administration proposal to keep some U.S. troops in Iraq after Dec. 31 is being scaled back because of legal protection issues. **A2**

**NATION & WORLD**  
**'Occupy' protests turn violent in Italy**

Italian police fired tear gas and water cannons at protesters in Rome who smashed bank windows and set cars on fire. **A3**

»**Wall Street protests:** In New York, thousands marched on a Chase bank while more rallies took place throughout the U.S. **A3**

»**Jobs rally:** Thousands of Americans led by the Rev. Al Sharpton and other civil leaders rallied in Washington, D.C., for easier access to jobs. **A4**

»**Yemen airstrikes:** Drones killed nine members of al-Qaida, including the son of an American al-Qaida official. **A6**

»**Base bombing foiled:** Four militants were killed after they tried to blast their way into a U.S. military base. **A6**

**BUSINESS**

**Few 9/11 business loans repaid**

In the Dayton area, 80 percent of the \$3.3 million in Small Business Administration loans have been written off. **E1**

»**Job losses:** The debt crisis in Europe and continued slow sales could lead to another round of large layoffs. **E1**

**LOCAL & STATE**

**Whistle-blower in VA scandal dies**

Ray Perdue, who with his wife reported a Dayton Veterans Administration dentist's poor practices that put hundreds of patients at risk, was killed in a car accident Saturday. **B1**

»**Warren County trial:** Jury selection begins Monday for the man accused of killing a Warren County Sheriff's deputy in May. **B1**

»**2012 election:** Candidates may be filing petitions for districts that may no longer exist by the primary. **B6**

**Special investigation Government spending**

## 'Disadvantaged' firm won millions in public contracts

Daily News investigation brings up questions of firm's true ownership.

**By Tom Beyerlein and Lynn Hulsey**  
Staff Writers

A wealthy developer and his wife controlled a Washington Twp. company that won millions of dollars in public contracts under a federal program that gives a leg up to companies owned by disadvantaged people, a Dayton Daily News investigation found.

Developer and civil engineer David C. Oakes and his wife, luxury-home builder Shery B. Oakes, controlled TesTech Inc. for years while the engineering company sought lucrative taxpayer-funded contracts claiming Egyptian-American Sherif Adel Aziz of Washington Twp. was the owner, the Daily News found.

Egyptians are not a protected minority group under the Disadvantaged Business Enterprise, or DBE, program. However, Aziz gained entry into the program as an African-American, saying he could trace his heritage to an African Nubian tribe through his religion.

Federal and state officials are investigating possible violations of DBE law by Aziz and have questioned TesTech's relationship with two other companies controlled by David and Shery Oakes: CESO Inc. and Design Homes and Development Co., the Daily News has learned.

The newspaper's investigation, which followed a July 7

**Who owns TesTech?**

A Washington Twp. engineering firm, TesTech Inc., has made millions of dollars from taxpayer-funded construction projects under a set-aside program for federally recognized disadvantaged businesses. But who really owns TesTech, and is the owner truly disadvantaged?



**Sherif Adel Aziz**

The Egyptian-American says he has been the president and sole owner of TesTech Inc. since 1997. But federal officials allege Aziz isn't a member of a protected minority group, makes too much money for the program and isn't the true majority owner.



**David Carl Oakes**

The civil engineer and developer owned CESO Testing Technology, which for years did business under the TesTech name. Records show Aziz claimed to be an independent business owner while he worked for Oakes' firm, which held licenses on equipment needed in TesTech's work.



**Shery Bushra Oakes**

The millionaire owner of the luxury home developer Design Homes and Development Co. stated in documents filed with the government that she and her husband, David Oakes, owned TesTech Inc.

raid by FBI and federal transportation agents, uncovered a pattern of activities that raises questions about the true ownership of TesTech, and whether Aziz runs the company as he has repeatedly told government officials.

**Developer** continued on A10

**Also inside**

»Recent cases of Disadvantaged Business Enterprise fraud. A11

»Fast facts about the DBE program. A11

**JOBS & ECONOMY**

## Honda invests \$400M in Ohio

Automaker says state will be crucial to post-recession strategy.

**By Thomas Gnaou**  
Staff Writer

**EAST LIBERTY** — Nestled amid the cornfields and rolling hills of west central Ohio is nearly half a billion dollars in new economic activity.

Since late last year, Honda of America Manufacturing Inc. has announced \$400 million worth of investments in its Ohio operations in the face of a challenging economy.

Company leaders say Honda is expanding with full expectation that its Ohio plants and facilities — in Troy, East Liberty, Marysville, Anna and elsewhere — will be an integral part of the company's future. And company officials expect the U.S. economy to gain new vigor after a debilitating recession.

"We know it will," said Ron Lietzke, a spokesman for Honda in Ohio.

"You've got to be ready to run with it," said Brad Gentzler, assembly manager at Honda's East Liberty plant.

Ever-increasing federal fuel mileage standards, as well as consumer concern about high gas prices, is prompting much of the expansion work, Honda officials say.

Honda is a company with demonstrated staying power. Rarely does Honda pull back after expanding operations, said Tracy Schneider, vice president for IRN Inc., a Grand Rapids, Mich.-based automotive research firm.

**Honda** continued on A15

**IN-DEPTH INVESTIGATION**

## Miamisburg woman was too trusting, grandmother feared

Lisa Spinks was found slain on railroad tracks.

**By Mary McCarty and Lawrence Budd**  
Staff Writers

Linda Nicholas couldn't help worrying about her oldest granddaughter, Lisa Spinks, even though she was 20 now and a high school graduate. Spinks was borderline mentally retarded and

had trouble counting money. "She didn't have the filters that most people have to tell a good person from a bad person," Nicholas said.

And she trusted people. Too much as it would turn out. Nicholas had raised her since birth, and Spinks often reminded her, "I can take care of myself. I'm an adult."

Still, the 106-pound Spinks seemed like a teenager to Nicholas: "I wondered how she would

survive in this world. I did worry about her, especially when she went out at night."

Nicholas had taken to her bed with a cold the night of Sept. 24, but called out to Lisa in the hallway, who told her she was going out. She didn't press her for details; she was, after all, a grown woman who could take care of herself.

**Spinks** continued on A16



Lisa Spinks was like a surrogate mother to her five younger siblings. CONTRIBUTED PHOTO



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## From the front page

# Firm won millions in contracts

## Developer

continued from A1

For example:

► At the same time Aziz was seeking disadvantaged status in 2004 and calling himself the sole owner of TesTech Inc., Shery Oakes was telling a different government arm that she and David Oakes owned TesTech. Shery, who like Aziz is an Egyptian-American, and David, who is white, are too wealthy to qualify for DBE status.

► Shery Oakes was twice listed on 2007 campaign finance reports as TesTech's owner. David Oakes also signed paperwork filed with the Ohio Department of Health as TesTech's president years after it received DBE status.

► Federal law requires that DBEs be independent from any other company to ensure that those qualifying for disadvantaged status actually run the business. Yet a company owned by David Oakes, CESO Testing Technology, for years held federal and state licenses on equipment needed in TesTech's work. The two companies also had the same headquarters and shared letterhead, personnel and equipment.

► The name TesTech appears interchangeably with CESO Testing Technology and CESO Inc. in documents the companies filed with government entities. Some documents list David Oakes as Aziz's boss. And though CESO Testing Technology was doing business under the TesTech name in Ohio, it never filed the required registration with the state.

Neither Aziz nor the Oakeses agreed to be interviewed for this story, though in a prepared statement released Sept. 23 Aziz said, "I am currently and always have been the sole owner of TesTech Inc."

TesTech provides environmental assessments and a variety of engineering services that include drilling, field and laboratory testing and inspection work at construction sites. The company's public clients include Dayton International Airport; Dayton Public Schools; the county engineers in Montgomery, Warren and Greene counties; Wright-Patterson Air Force Base and the Veterans Affairs Medical Center.

The company also won engineering work on federally funded highway projects, including reconstruction of Interstate 75 through downtown Dayton. Private sector clients have included Walmart and Target. According to its website, TesTech has 85 employees in Ohio, Michigan, Kentucky, Indiana and Missouri.

The company reported annual sales in 2009 of \$5.7 million, according to documents Aziz filed with the city of Dayton.

The DBE program that TesTech used to win public contracts was meant to redress discrimination. It gives small businesses owned by women, members of certain minority groups and other disadvantaged people preferential treatment in winning government contracts.

The federal government has an "aspirational goal" of giving DBE companies 10 percent of contracts funded by the U.S. Transportation Department, said Steve Faulkner, spokesman for the Ohio Department of Transportation, which administers the program in Ohio.

"Having DBE status gives you a piece of the pie," said Eric Chaffee, who chairs the Project for Law and Business Ethics at the University of Dayton Law School.

Penalties for DBE fraud can range from fines and restitution to exclusion from federal contracts and even imprisonment. The Transportation Department's Inspector General in fiscal 2008 helped to obtain 67 federal indictments, 109 convictions, 104 administrative actions against companies and the collection of \$544 million in fines and restitution.

More recently, the government



David and Shery Oakes' \$2.3 million home in Washington Twp., where they hosted a major fundraiser for the American Cancer Society in August 2010. FILE PHOTO



On July 7, federal agents raided the Galleria building at 8534 Yankee St. The building, which is owned by the Oakes-controlled Yankee Partners LLC, houses the headquarters of TesTech, CESO Inc., and Design Homes. Federal officials have filed no charges. FILE PHOTO

stepped up enforcement after the Government Accountability Office in 2009 and 2010 found fraud and abuse in other federal contracting set-aside programs. "The main group that gets hurt (by DBE fraud) is the DBE owners who aren't fraudulent," said Tim Lohrenz of the Insight Center for Community Economic Development in Oakland, Calif. Fraud also puts legitimate contractors of all races at a competitive disadvantage, he said, and "it puts doubt in the public mind about the program as a whole."

### Federal raid

On July 7, federal agents executing a sealed warrant removed boxes from the Galleria building at 8534 Yankee St. The building, which is owned by the Oakes-controlled Yankee Partners LLC, houses the headquarters of TesTech, CESO Inc., and Design Homes.

Aziz, in a statement released after the raid, said, "We have been in discussions with the DOT over the last few years, responding to their questions about our company and we have cooperated fully."

Federal officials wouldn't comment and have filed no charges.

The Montgomery County Republican Party also has its headquarters in the Galleria building, paying \$1,000 a month in rent. Party Chairman Greg Gantt said he moved the headquarters there last year after seeking out a landlord who was supportive of the party.

The Oakeses and their companies are major political donors, contributing at least \$79,700 since 2002 to the county GOP and mostly Republican national, state, and local candidates.

"I don't see any real connection between whatever issues are going on with the Department of Transportation and our leasing space from (the Oakeses)," Gantt said. "Based on my personal knowledge with them and what personal conversations we have had, they have a conservative Republican philosophy and that's why they are supportive (of Republicans)."

David Oakes referred questions to his attorney, David Reed, who did not return phone calls. On the day of the FBI raid, Reed told the Daily News that the investigation involved the activities of TesTech and CESO Testing Technology, not Design Homes and CESO Inc.

Montgomery County Engineer Paul Gruner said he heard directly from a CESO Inc. manager, Penny Rike, that federal investigators believe David Oakes' CESO benefited from TesTech's DBE status. Gruner said Rike told him

the company denies the allegation.

Rike did not respond to a request for comment.

Warren County Engineer Neil Tunison, a CESO and TesTech client, said he talked with David Oakes after the raid.

"Dave indicated that it was a bookkeeping or an accounting issue and he believed he could get it resolved," Tunison said.

Tunison said CESO and TesTech "were together" when Warren County started doing business with them a decade ago. "He (Oakes) told me sometime last year or earlier this year that they were splitting because it got to be a big accounting problem for them because of the way the federal aid programs wanted things split up," Tunison said. "There was a problem in sorting all that out. That's when he said because TesTech is a DBE he was going to sell his interest to Aziz."

Yet when Aziz reapplied for DBE status with Michigan in October 2010, he indicated TesTech Inc. had never "existed under different ownership, a different type of ownership, or a different name."

Local officials and companies who have worked with CESO and TesTech say the engineering companies do quality work. TesTech typically works as a consultant on public engineering jobs won by larger companies, including CESO Inc.

"I've never met a more upstanding person than David Oakes in my life," said Greg Hanahan, administrator of Miami Twp., which uses CESO Inc. for engineering work.

### Minority heritage questioned

Ohio and federal transportation officials are moving to strip TesTech of its DBE status. On March 18, ODOT sent a letter to Aziz giving him the reasons for the decertification: Officials believe he is not a member of a recognized minority group, makes too much money to qualify and isn't the true majority owner.

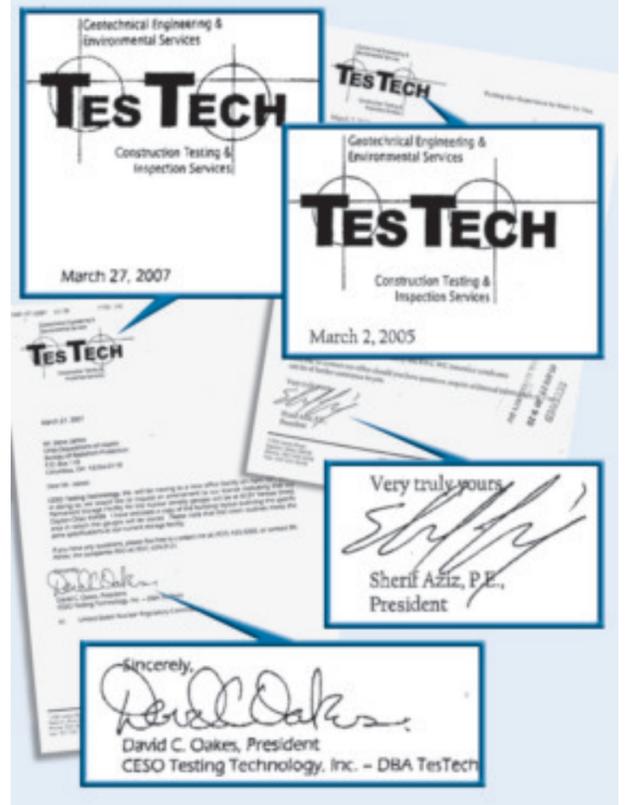
Aziz appealed the finding, signing the letter "President and Sole Shareholder" of TesTech. A November hearing is expected.

Aziz won the DBE certification on appeal in 2005 after being turned down by the state in 1998 and 2004.

To be eligible for DBE status, companies must be at least 51 percent owned by socially and economically disadvantaged people, and those owners must be in control of day-to-day operations. There are limits on a company's gross receipts, and the personal net worth of a disadvantaged owner cannot exceed \$1.3 million, an amount that was increased in Jan-

## Who's in charge?

David C. Oakes was the president and owner of CESO Testing Technology Inc., a company that also did business as TesTech. However, Sherif Aziz has claimed in multiple government filings that he alone owned and controlled TesTech Inc. In the correspondence below, written under TesTech letterhead, Oakes signed as president of CESO Testing Technology — DBA TesTech. During 2007, TesTech Inc. was using Aziz's minority status to win contracts as a Disadvantaged Business Enterprise. Oakes, who is both white and wealthy, is not eligible for the DBE program.



uary from \$750,000.

TesTech benefited greatly from its DBE status. It's impossible to know how much in taxpayer money the company was paid or how much it obtained as a DBE because TesTech did business with so many government entities. But a Daily News review of area and state contracts found TesTech was paid at least \$4.7 million since 2003 by the Ohio Department of Transportation, Montgomery County, the city of Dayton and Dayton Public Schools.

TesTech's DBE status assisted it in getting much of that work, contract documents and interviews show.

TesTech was incorporated in Ohio in 1997 by local attorney James Weprin, who has incorporated various Oakes companies. After being turned down as a DBE by the state of Ohio in 1998, the company gained limited DBE status in 2002 through the Columbus Airport Authority and a year later through the Cincinnati/Northern Kentucky International Airport. After Ohio approved TesTech as a DBE in 2005 it was certified by Michigan and Kentucky. Aziz withdrew TesTech from Michigan's DBE program in 2009 and the company was decertified by Kentucky in 2010 after TesTech briefly dropped out of Ohio's program.

Aziz, 49, holds bachelor's and master's degrees in engineering, respectively, from Egypt's Cairo University and Wright State University. He was naturalized as a U.S. citizen in 1991. Aziz and his wife, Dr. Nancy Zaki, own a \$643,390 Washington Twp. home built on land they bought from Shery and David Oakes Ltd. in 2004, according to the Montgomery County Auditor.

Aziz gave sharply different versions of his net worth to two separate government entities last year.

In April 2010, when he applied for the city of Dayton's set-aside programs for small, disadvantaged and minority businesses, he said he had a negative net worth of \$46,145. But when he reapplied in October 2010 for DBE status in Michigan, Aziz stated his net worth at \$470,697.

Aziz worked for David Oakes' Civil Engineers of Southwest Ohio, or CESO Inc., from 1993 to 1998 as a project manager, according to his resume. In 1995, he became business partners with Shery Oakes and others in the limited liability companies Mandarin Cove and Pyramid Properties. During the state's 2008 review of Aziz's DBE status he was asked to supply numerous documents, including 2007 tax returns for these companies and 13 other businesses incorporated by Shery Oakes or the Oakeses' attorneys. The state also asked him to explain any affiliation among TesTech, CESO Inc. and Design Homes.

Aziz voluntarily withdrew TesTech from the DBE program in January 2009 without providing most of the documentation the state requested, according to ODOT's Faulkner. That September, Aziz asked for TesTech to be returned to the program, but without an annual review. The state refused to exempt TesTech from review, but ultimately recertified the company in September 2010, Faulkner said.

Developer continued on A11

## Unmatched coverage

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You can only find hard hitting, in-depth reports like this in the print edition of the Dayton Daily News, not on our free website.

## From the front page

### Developer

continued from A10

David Oakes, 54, earned a bachelor's degree in civil engineering from the University of Wisconsin and served as Kettering's assistant transportation engineering director from 1983 through 1987. He launched CESO in 1991 and CESO Testing Technology in 1993.

The Oakeses live in their \$2.3 million home in Washington Twp. where they hosted a major fundraiser for the American Cancer Society, the Cattle Baron's Ball, in August 2010.

Shery, 51, and her family emigrated from Egypt in 1965 and she was naturalized in the United States in 1974. Her father, Bushra Migally, was a professor of economics at the University of Wisconsin, where Shery earned a bachelor's degree in business administration.

In 1987 she established Design Homes and Development Co., the most high-profile of the couple's many companies. In 2007 reality TV star Anna Nicole Smith's lavish post-funeral reception was held at a \$14.9 million vacation property in the Bahamas built by Design Homes and owned by Shery Oakes. It is not clear if she still owns the property.

Shery also is chief executive of DHDC Inc., a real estate, construction and civil survey services company. She successfully applied for Minority Business Enterprise certification through the state for DHDC, stating she is an African-American. The MBE program, which does not place limits on personal net worth, opens doors to set-asides for public contracts but not the federally mandated access to the big pot of transportation money available to DBE companies.

In 2004 Shery sought state assistance for construction of a new headquarters for the various Oakes companies. In her application, she identified the "Oakes Companies" as CESO Inc., CESO Testing Technology, TesTech Inc. and Design Homes — "all owned by David and Shery Oakes."

"All of the Oakes Companies work hand in hand for each other in services," she wrote in the application filed with the Ohio Department of Development. "No changes in ownership will occur."

That same year Aziz applied for federal DBE status, telling ODOT he was the owner of TesTech.

In April 2010, as Aziz was awaiting recertification by ODOT, Aziz's Columbus attorney, Dwight Hurd, wrote a letter to Shery Oakes demanding that she stop representing herself as an owner of the company.

"The company believes that you have in the past and may still be continuing to represent to people that you were or are an owner of TesTech," wrote Hurd in the April 26, 2010, letter. "The records of the company indicate that you never have had an ownership interest in the company."

### Tangled web

Even some of the people who hired TesTech believed the Oakeses were its owners.

"Historically, my understanding was Shery Oakes owned them," said Mark Thompson, chief executive at LJB Inc., which uses TesTech on roadwork projects. Thompson said Shery told him about a year ago she had sold TesTech.

Yet last October, as Aziz was reapplying for DBE status in Michigan, he told that state's transportation department that he had owned 100 percent of TesTech's shares since 1997. In the application, Aziz stated that he had made a \$380,900 cash investment to start TesTech.

The Daily News uncovered a tangled web of business activities and corporate filings in Ohio, Michigan and Kentucky, illustrating how closely connected the Oakeses were to Aziz, whose DBE status required his independence.

Aziz, his wife and TesTech were in debt to the Oakeses' CESO Testing Technology, borrowing more than \$2 million, according to Aziz's Michigan DBE application.

Documents show that debtor relationship began in 2009 and was terminated on July 12 of this year, five days after the FBI raid.

Aziz was also tied to David

### Recent DBE fraud cases

The U.S. Transportation Department is cracking down on fraud in its Disadvantaged Business Enterprise, or DBE, program. Here are some recent cases.

**September:** Oscar Rayford of Buffalo was sentenced to eight months of home confinement and one year of probation, fined \$7,500 and ordered to forfeit \$1.8 million to the government after pleading guilty to mail fraud. Between 2001 and 2007, Rayford's DBE falsely claimed it manufactured concrete when the work, valued at \$3.2 million, was performed by a general contractor, which paid Rayford a fee to serve as a front man.

**June:** Officials of Environmental Energy Associates pleaded guilty in New York to mail fraud, admitting EEA was a front company for a \$5.2 million subcontract.

**May:** Three men were federally indicted in Boston for allegedly conspiring to fraudulently use a DBE as a supplier when they knew the business was merely a conduit that didn't do any work.

**November 2010:** Schiavone Construction Co. of New Jersey agreed to pay a \$20 million civil forfeiture, admitting it falsely reported it used minority- and women-owned businesses on various projects between 2002 and 2007. Among the jobs: two contracts with the New York Metropolitan Transit Authority totaling \$350 million.

**August 2010:** In the largest DBE case in Transportation Department history, the co-owner and chief operating officer of Schuykill Products Inc. of Pennsylvania pleaded guilty to charges of conspiracy to defraud and commit wire and mail fraud in connection with a \$136 million swindle. Ernest G. Fink faces up to five years' imprisonment, fines and restitution.

Source: U.S. Department of Transportation

Oakes' CESO Inc. In 2001 CESO Inc. began doing business in Michigan as TesTech, according to Michigan Department of Licensing and Regulatory Affairs records. Annual reports from 2000-2011, most signed by David Oakes, identify Aziz as CESO's corporate secretary.

Beginning in 2006, TesTech Inc. also was incorporated in Michigan, although Aziz did not file any of the required annual reports with that state until weeks before the FBI raid in Ohio.

Those reports for 2007-11 — signed by Aziz on June 7 and June 9, 2011 — list him as president, secretary and treasurer of TesTech Inc.

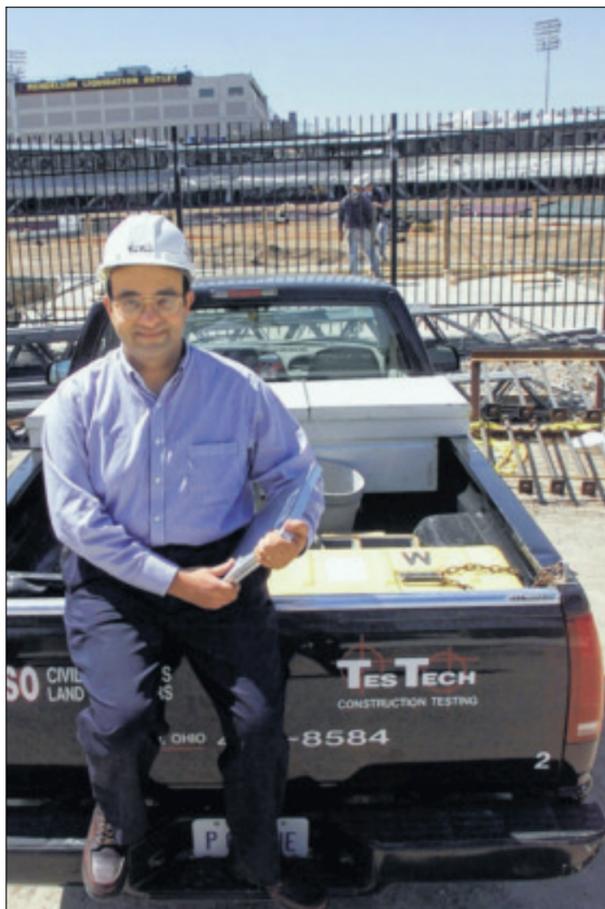
On June 8, David Oakes signed a document terminating CESO Inc.'s use of the name TesTech in Michigan.

Records show David Oakes also used the TesTech name in Kentucky, starting the year before Aziz incorporated the company in Ohio. Oakes dissolved his Kentucky company in 1997, and Aziz later incorporated TesTech Inc. in Kentucky.

### Two names, one company?

In multiple filings required to maintain his status as a Minority Business Enterprise in Ohio, Aziz said TesTech did not have a parent company and had never done business under another name.

The documents, which were signed by Aziz, also say he did not work for any other firm "that has a relationship" with TesTech Inc., and that no firm or other person had ever had an ownership in Tes-



Sherif A. Aziz sits on a truck bearing multiple logos, including TesTech, during the construction of Fifth Third Field in 2000. FILE PHOTO

### Facts about the Disadvantaged Business Enterprise program

**Goal:** To provide the maximum opportunity for growth and self-sufficiency to small businesses owned and controlled by women, members of certain minority groups and other socially and economically disadvantaged people. DBE companies get special preference for projects funded by the U.S. Transportation Department.

**Eligibility:** DBE status is available to businesses owned by citizens and certain permanent U.S. residents who are found to be socially and economically disadvantaged. Owners can include women, black Americans, Hispanics, Pacific Asians and American Indians. Owners' personal net worth must be no greater than \$1.3 million, up from \$750,000 in January.

**Ownership and control:** DBE businesses must be at least 51 percent owned by eligible persons, and those owners must be in control of day-to-day operations. Companies can't simply exist on paper.

**Independence:** DBE firms must not be inextricably linked with other businesses or individuals. The companies' viability can't depend on their relationship with other companies. Owners can't engage in outside employment or other business interests that prevent them from devoting sufficient time and attention to their DBE companies.

Sources: Ohio-Kentucky-Indiana Regional Council of Governments, Ohio Unified Certification Program

Tech Inc.

Yet in representations made to customers and regulators, Aziz's TesTech and David Oakes' CESO Testing Technology were one and the same.

A case in point is a 2002 bridge project in Greene County. Records show Aziz prepared the contract for TesTech, but many of the field reports used letterhead labeled "TesTech/CESO Testing Technology."

Aziz also acknowledged working for CESO Testing Technology in a 2002 sworn affidavit in response to a lawsuit filed against David Oakes and CESO Testing Technology by a former employee.

"In 1999, I became operations manager of CESO Testing Technology Inc. ("TesTech")," Aziz stated. He also said in the affidavit that David Oakes was "president of CESO and TesTech."

In the same lawsuit, Oakes' attorney noted in a motion that TesTech Inc. — which Aziz said he had owned since 1997 — was a separate company from the TesTech used as a trade name by David Oakes' company, CESO Testing Technology.

But if the TesTech name used by Oakes' company was separate from the TesTech Aziz said he started, it was never registered that way with the state of Ohio. To legally do business under another name in Ohio, companies must register that trade name with the Ohio secretary of state. There is no record of Oakes doing so.

CESO Testing Technology also was tied to TesTech Inc. in another way: CESO Testing held the licensing on equipment needed in TesTech's work.

TesTech's business involves the use of nuclear soil-testing gauges that must be licensed by the Nuclear Regulatory Commission and the Ohio Health Department.

CESO Testing Technology held

both of these licenses, obtaining the first one in 1994.

The company that uses the equipment has to be licensed, said Ohio Health Physicist Supervisor Stephen James.

A July 2003 licensing inspection by the Ohio Health Department also suggests Aziz was a subordinate of David Oakes. In the records, David Oakes is listed as the president and owner of CESO Testing Technology, with Aziz as "TesTech manager, vice president."

In a 2007 correspondence with the Ohio Health Department, written under TesTech letterhead, David Oakes listed himself as president of CESO Testing Technology Inc., "DBA TesTech."

A year later TesTech's radiation safety officer informed federal regulators of some changes in the company.

In the September 2008 letter, the TesTech executive told the NRC that "due to contracting," CESO Testing Technology had been renamed TesTech Inc. He said "the only change in personnel is that the president is now Sherif Aziz" and "all employees, equipment, etc." remained the same.

He also said Aziz "has been the president of TesTech Inc., since 1996."

CESO Testing Technology was dissolved in February of this year and the NRC and Ohio Health Department licenses are now in

### Key findings of Dayton Daily News investigation

**Wealthy developer** David C. Oakes and his wife, Shery B. Oakes, controlled a Washington Twp. company that won millions of dollars in public contracts under a federal program that rewards companies owned by disadvantaged people.

**The Oakeses** were not eligible for the Disadvantaged Business Enterprise program because of their wealth, but a longtime associate of the Oakeses — Sherif A. Aziz — won DBE status after contending he was the sole owner of TesTech Inc. and could trace his African-American heritage through his religion to an African Nubian tribe. Aziz is Egyptian, which is not considered a protected group under the DBE program.

**Federal law** requires that DBEs be independent from any other company, yet Aziz's TesTech has appeared interchangeably with companies owned by David and Shery Oakes. David Oakes signed documents as TesTech president and Shery Oakes told the government in 2004 that she and her husband owned TesTech Inc.

**David Oakes'** CESO Testing Technology Inc. used the TesTech name for years, and even held the necessary federal and state licenses on equipment required in TesTech's business.

the name of TesTech Inc.

### Troubling questions

Experts on DBE fraud say the results of the Daily News investigation raise troubling questions about the true ownership of TesTech.

"It certainly sounds like you have an affiliation problem here," said Edward DeLisle, a Philadelphia attorney who specializes in DBE fraud cases. "The highest officer has to be the disadvantaged person. It (the title of president) certainly would signify that he (Oakes) has control."

DeLisle said fraud in DBE contracts is becoming more common.

In today's down economy, "you're seeing companies, just to stay alive, creating companies run by people that claim to be disadvantaged," he said. "Companies are getting desperate, especially in the construction industry where the private industry has pretty much dried up."

The U.S. Transportation Department's inspector general lists DBE fraud as its top priority. Common fraud schemes include use of front companies that do little or no actual work, or partnering in illegal ways with DBEs, according to the IG website and a number of experts on the program.

"The biggest one we see is, they will hire somebody to be the designated minority or veteran," said Earl Gregorich, who heads the Small Business Development Center at Wright State University. "(It's) kind of a straw man situation. It's the most common because it's the easiest one to pull off."

Contact these reporters at (937) 225-7455 or lhulsey@DaytonDailyNews.com and (937) 225-2264 or tbeyerlein@DaytonDailyNews.com.

### About the reporters



**Lynn Hulsey** is an investigative reporter who covers government and politics for the Dayton Daily News. She is a graduate of the University of Dayton and has reported for the paper since 1995.



**Tom Beyerlein** has won state and national journalism awards for investigative business reporting. A Wright State University graduate, he has been a Daily News staff writer since 1981.