Description of document:	Closing documents for twenty-eight (28) Small Business Administration (SBA) Inspector General (OIG) investigations closed 2015-2016
Requested date:	25-26-January-2017
Released date:	04-May-2017
Posted date:	27-November-2017
Source of document:	FOIA Request Chief, Freedom of Information/Privacy Acts Office U.S. Small Business Administration 409 3rd St., SW 8th Floor Washington, DC 20416 Fax: (202)205-7059 Email: FOIA@sba.gov FOIAonline

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
WASHINGTON, D.C. 20416

May 4, 2017

Via UPS

Re: Freedom of Information Act Requests
SBA-2017-000483 (SBA OIG FR 1/17-24); SBA-2017-000510 (SBA OIG FR 1/17-26)

Enclosed please find the U.S. Small Business Administration Office of Inspector General's (SBA OIG) response to your Freedom of Information Act (FOIA) requests. Thank you for agreeing to the extensions in response to the requests, both of which required substantial search and review time. SBA OIG has decided not to assess any fees associated with the requests.

In request SBA-2017-000483 (SBA OIG FR 1/17-24), received on January 25, 2017, you asked for the following documents:

> "…a copy of the closing report, final report, report of investigation, closing memo, referral letter/memo, etc. for each of the following closed SBA OIG investigations: E-OT-12-0108-I E-IA-14-0292-I E-IA-15-0224-I W-IA-14-0275-I E-IA-15-0247-P E-OT-16-0291-P E-IA-16-0127-P E-IA-14-0024-P C-IA-16-0265-P E-OT-14-0271-I."

In request SBA-2017-000510 (SBA OIG FR 1/17-26), you asked for the following documents:

> "…a copy of the closing report, final report, report of investigation, closing memo, referral letter/memo, etc. for each of the following closed SBA OIG investigations: E-CC-15-0020-P E-CC-15-0139-P E-CC-15-0008-P E-CC-15-0217-P E-CC-12-0227-P E-CC-15-0006-P E-CC-14-0099-I W-CC-14-0192-I W-CC-11-0167-I W-CC-11-0030-I E-CC-13-0024-I W-CC-10-0384-IE-CC-12-0228-I E-CC-13-0180-I C-CC-11-0210-I C-CC-11-0035-I E-CC-12-0250-I W-CC-10-0291-I W-CC-10-0126-I"

In our search, we located and are providing the enclosed closing reports/memoranda (whichever form existed for each case) for the SBA OIG investigations cited above. We are withholding portions of the various reports under FOIA Exemptions 4, 5, 6, and 7(c). We have

no records for E-IA-16-0127-P. A copy explaining the FOIA exemptions is enclosed for your convenience.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. See 5 U.S.C. 552(c) (2006 & Supp. IV 2010). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

If you are not satisfied with this action, you may appeal this decision to the Chief, Freedom of Information/Privacy Act Office, U.S. Small Business Administration, 409 Third St., SW, Washington, DC 20416. You must submit an appeal within 90 calendar days of the date of the notice of denial. The appeal should contain a copy of this correspondence, a description of the information requested and denied, the name and title of the SBA official or employee who denied the request, the reason for the denial, and any other facts you deem appropriate.

Please be advised that the 2007 FOIA amendments created the Office of Government Information Services (OGIS) to offer mediation services to resolve disputes between FOIA requesters and Federal agencies as a non-exclusive alternative to litigation. Using OGIS services does not affect your right to pursue litigation.

You may contact OGIS in any of the following ways:
Office of Government Information Services
National Archives and Records Administration
8601 Adelphi Road – OGIS
College Park, MD 20740-6001
E-mail: ogis@nara.gov
Telephone: 202-741-5770
Toll-free: 1-877-684-6448

Please note that using OGIS services does not affect the timing of filing an appeal with the SBA's FOI/PA Officer.

If you have any questions about or need assistance with your request, you may contact the Chief, Freedom of Information/Privacy Act Office, U.S. Small Business Administration by phone at 202-401-8203, by fax at 202-205-7059, by email at foia@sba.gov, or by mail at 409 Third St., SW, Washington, DC 20416.

Sincerely,

Adam Kaplan
Assistant Counsel to the
Inspector General

cc: Freedom of Information/Privacy Act Office

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, FOIA EX. 6, 7C]
Approved by:	[REDACTED, FOIA EX. 6, 7C]

REPORT OF INVESTIGATION

CASE#: C-CC-11-0035-I	**DATE OF REPORT:** February 26, 2016
CASE TITLE: SILVER STAR CONSTRUCTION, LLC.	
PERIOD OF INVESTIGATION: November 9, 2010 **TO** January 27, 2016	
CASE AGENT: [REDACTED, FOIA EX. 6, 7C]	
DISTRIBUTION: SAC-CRO	

SUMMARY

This case was predicated on a complaint from a private citizen and a Government Accountability Office (GAO) referral which alleged the majority owners and managers of Silver Star Construction, LLC (SSC) of Blue Springs, Missouri, conspired to falsely certify SSC as a Service Disabled Veteran Owned Small Business (SDVOSB) in order to obtain government contracts to perform construction work at Veterans Affairs facilities in Leavenworth, Kansas and Kansas City, Missouri. The investigation determined four government contracts obtained by SSC were funded with American Recovery & Reinvestment Act funds. Subsequently, the investigation proved Warren Parker, his wife Mary Parker, his son Michael Parker, and business partner Thomas Whitehead conspired to defraud the Government in order to obtain SDVOSB contracts by making false statements concerning Warren Parker's military service and his status as a Service Disabled Veteran (SDV).

DETAILS

The investigation revealed Warren Parker falsified his military service and his status as a SDV when he created SSC. Furthermore, Warren Parker's wife Mary Parker and son Michael Parker conspired with Warren Parker to operate SSC as a pass through company for Phoenix Building Group (PBG) owned by co-conspirator Thomas Whitehead. The Parker's and Whitehead submitted false information to the General Services Administration (GSA), Department of Veterans Affairs (VA), and the Department of Defense (DOD) through on-line certifications, submission of contract bids, and during personal meetings where the conspirators fraudulently misrepresented Warren Parker's military service and status as a SDV for the purpose of receiving SDVOSB set aside contracts.

Furthermore, the investigation proved SSC principles Warren Parker, Mary Parker, Michael Parker, and PGB majority owner Thomas Whitehead, conspired to defraud the Government by making false statements concerning Warren Parker's SDV status, and their use of SSC as a pass-through company for PGB. Additionally, Whitehead falsely claimed to be a SSC employee in furtherance of the fraud scheme.

As a result of the Parkers' and Whitehead's criminal activities, SSC obtained over $6.7 million in SDVOSB set-aside contracts from the VA, and approximately $748,000 in SDVOSB set-aside contracts from the DOD before the scheme unraveled.

SUBJECTS

Warren Parker
SSN: **[REDACTED, FOIA Ex. 6, 7c]**
DOB: **[REDACTED, FOIA Ex. 6, 7c]**

Mary Parker
SSN: **[REDACTED, FOIA Ex. 6, 7c]**
DOB: **[REDACTED, FOIA Ex. 6, 7c]**

Michael Parker
SSN: **[REDACTED, FOIA Ex. 6, 7c]**
DOB: **[REDACTED, FOIA Ex. 6, 7c]**

Thomas Whitehead
SSN: **[REDACTED, FOIA Ex. 6, 7c]**
DOB: **[REDACTED, FOIA Ex. 6, 7c]**

JUDICIAL/ADMINISTRATIVE ACTIONS

On June 15, 2011, Warren Parker, Mary Parker, Michael Parker, Thomas Whitehead and Silver Star Construction LLC (SSC) were indicted in the District of Kansas.

On July 16, 2011, Warren Parker, Mary Parker, Michael Parker, Thomas Whitehead were arrested by Special Agents from SBA-OIG, GSA-OIG, VA-OIG and DCIS pursuant to their indictment. Additionally, four seizure warrants were served on two banks holding funds for SSC resulting in the seizure of $63,787.

On April 9, 2012, Warren Parker pleaded guilty in the District of Kansas to single counts of Conspiracy, Major Program Fraud, Wire Fraud, Money Laundering Conspiracy, and False Statements. On November 5, 2012, Warren Parker was sentenced to 87 months incarceration, restitution of $6,836,277.94, and 3 years supervised release.

On April 7, 2014, Thomas J. Whitehead pleaded guilty in the District of Kansas to one count each of violating 18 USC 2- Principles and 18 USC 1343- Wire Fraud. On January 27, 2016, Thomas J. Whitehead was sentenced to nine months home detention and one year probation for violating 18 USC 1343- Wire Fraud. Additionally, Whitehead was ordered to pay a monetary judgement of $28,860.

On September 4, 2014, Michael Parker pleaded guilty to one count of conspiracy to commit fraud against the United States (18 USC 371), one count of major program fraud (18 USC 1031) and one count of wire fraud (18 USC 1343). On November 4, 2015, Michael Parker was sentenced to 51 months imprisonment and three years supervised release. Additionally, Parker was ordered to pay a monetary judgment of $30,000.

On February 2, 2015, Mary Parker pleaded guilty to one count of wire fraud/aiding & abetting in violation of 18 USC 1343- Wire Fraud. On October 20, 2015, in the District of Kansas, Mary Parker was sentenced to 20 months imprisonment with no supervised release to follow, and ordered to pay a monetary judgment of $30,000.

DISPOSITION OF EVIDENCE

All evidence collected during this investigation has been destroyed in accordance with SBA-OIG policy and with approval from the U.S. Attorney's Office for the District of Kansas.

STATUS

The SBA/OIG portion of this investigation and all judicial actions are complete. The purpose of this report is to close this investigation.

EXHIBITS

Exhibit #	Description
1	Indictment- SSC et al- 2:11-CR-20042-CM. Filed 6-15-2011.
2	Warren Parker- Plea Agreement- 2:11-CR-20042-CM. Filed 4-9-2012.
3	Warren Parker- J&C- 2:11-CR-20042-CM. Filed 11-5-2012
4	Michael Parker- Plea Agreement- 2:11-CR-20042-CM. Filed 9-3-2014.
5	Michael Parker- J&C- 2:11-CR-20042-CM. Filed 11-4-2015.
6	Mary Parker- Plea Agreement- 2:11-CR-20042-CM. Filed 2-2-2015
7	Mary Parker- J&C- 2:11-CR-20042-CM. Filed 10-23-2015.
8	Thomas Whitehead- Plea Agreement- 2:11-CR-20042-CM. Filed 4-7-2014.
9	Thomas Whitehead- J&C- 2:11-CR-20042-CM. Filed 1-27-2015.
10	Silver Star Construction, LLC- Dismissal- 2:11-CR-20042-CM. Filed 2-3-2015.

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED FOIA Ex. 6/7c]
Approved by:	REDACTED FOIA Ex. 6/7c]

REPORT OF INVESTIGATION

CASE#: C-CC-11-0210-I	**DATE OF REPORT:** September 23, 2016
CASE TITLE: TAB CONSTRUCTION	
PERIOD OF INVESTIGATION: March 10, 2011 **TO** September 14, 2016	
CASE AGENT: [REDACTED, FOIA EX. 6, 7C]	
DISTRIBUTION: DEPARTMENT OF DEFENSE CRIMINAL INVESTIGATIVE SERVICES; DEPARTMENT OF THE ARMY CRIMINAL INVESTIGATION DIVISION; DEPARTMENT OF HOMELAND SECURITY - OFFICE OF INSPECTOR GENERAL	

SUMMARY

The U.S. Small Business Administration (SBA) Office of Inspector General (OIG) initiated this investigation based upon a referral received on March 10, 2011 from Attorney Advisor **[REDACTED, FOIA Ex. 6, 7c]]**, SBA OIG, Counsel Division, regarding allegations that TAB Construction Company, Inc. (TAB) falsely certified that it met the requirements to receive the designation as a HUBZone small business concern. Specifically, TAB, owned by William E. "Buster" Richardson, III, was decertified by the SBA HUBZone office on August 6, 2010 for not meeting the HUBZone principal office requirement. The Federal Procurement Data System records indicated that TAB received approximately $28,617,646.13 in HUBZone set-aside contracts from the U.S. Army Corps of Engineers, U.S. Coast Guard, and the National Park Service between 2006 and 2010, including several HUBZone set-aside contracts awarded after the firm was decertified.

A joint investigation with the Department of Defense Criminal Investigative Services (DCIS), U.S. Army Criminal Investigation Division (Army CID), and the Department of Homeland Security (DHS) OIG found that from 2002 to 2009, TAB falsely listed its address as 1010 Walnut Avenue, Canton, OH, an address located in a HUBZone location, when TAB was actually located in a non-HUBZone location at 4525 Vliet Street, Canton, OH. This 4525 Vliet Street location made TAB ineligible to receive any HUBZone contracts. Only after the commencement of the SBA decertification process, TAB moved its offices to 530 Walnut Avenue, Canton, OH, a legitimate HUBZone location.

On May 25, 2011, **[REDACTED, FOIA Ex. 6, 7c]** filed a qui tam action in the U.S. District Court for the Southern District of West Virginia. The case was subsequently transferred to the U.S. District Court for the Northern District of Ohio. **[REDACTED, FOIA Ex. 6, 7c]** complaint alleged that TAB falsely represented to the government that it qualified for the SBA HUBZone program.

On July 13, 2011, **[REDACTED, FOIA Ex. 6, 7c]** filed a separate qui tam action in the U.S. District Court for the Northern District of Ohio. The U.S. District Court for the Northern District of Ohio consolidated the two separate qui tam actions on March 13, 2012. Trial Attorney **[REDACTED, FOIA Ex. 6, 7c]**, U.S. Department of Justice (DOJ), Civil Division, Fraud Section, intervened in the consolidated action on behalf of the government.

[REDACTED, FOIA Ex. 6, 7c] referred the matter to the U.S. Attorney's Office for the District of Northern Ohio for criminal prosecution. On August 16, 2011, AUSA **[REDACTED, FOIA Ex. 6, 7c]**, District of Northern Ohio, accepted the case for prosecution.

On April 17, 2014, Richardson and TAB entered into a civil settlement agreement with the U.S. DOJ as a result of the qui tam action filed under the False Claims Act, 31 U.S.C. § 3730(b) by the relators. Richardson and TAB paid $200,000 to the United States under the agreement terms (**Exhibit 1**).

On April 17, 2014, TAB and Richardson pled guilty to a one count Information charging Richardson and TAB with one violation of 18 U.S.C. § 1343, Wire Fraud, for using TAB's fraudulently obtained HUBZone certification to received government set-aside contracts from April 2005 through April 2012 (**Exhibit 2**). Richardson was sentenced on September 14, 2015 to a 12 month imprisonment and two years supervised release. TAB and Richardson were ordered to pay restitution in the amount of $6,755,034, joint & severally. TAB was also ordered to a pay fine of $7,500 (**Exhibit 3**).

On September 8, 2016, Army CID reported that TAB Construction and Richardson were officially debarred by the U.S. Army Suspension and Debarment Official (SDO) from contracting with the U.S. government, effective April 26, 2016 through September 14, 2021. The SDO also debarred MARS Real Estate Investments Ltd and BHR Real Estate, LLC, both affiliated companies of Richardson, through September 14, 2021.

The SBA/OIG investigated this case for violations of Title 15 USC § 645(d) (Misrepresentation as a Qualified HUBZone Small Business Concern), Title 18 USC § 1001 (False Statements), Title 18 USC §1343 (Wire Fraud), and Title 31 USC § 3802 (False Claims).

DETAILS

TAB was decertified by the SBA from the HUBZone program on August 6, 2010 for not meeting the HUBZone principal office requirement (**Exhibit 4**). The statute and regulations that govern the HUBZone program require that a firm's principal office must be located in a HUBZone and the "principal office" is defined as the place where the greatest number of the

firm's employees who work at any one location perform their work. The Federal Procurement Data System records indicate that TAB improperly received approximately $28,617,646.13 in HUBZone set-aside contracts from the U.S. Army Corps of Engineers, U.S. Coast Guard, and the National Park Service between 2006 and 2010, including several HUBZone set-aside contracts awarded after the firm was decertified. SBA decertified TAB in 2010 because TAB falsely listed its address as 1010 Walnut Avenue NE, Canton, Ohio 44704, an address located in a designated HUBZone, when between 2002 and 2009 TAB was actually located in non-HUBZone addresses of 4525 / 4534 Vliet Street SW, Canton, Ohio 44710, which would have rendered the company ineligible to receive any HUBZone contracts. Only after the commencement of the SBA HUBZone Office's decertification did TAB move to a legitimate HUBZone location at 530 Walnut Avenue NE, Canton, Ohio 44704.

SBA Site Visits

SBA's decertification of TAB was based on a May 28, 2009 SBA Cleveland District Office site visit to TAB's listed principal office at 1010 Walnut Avenue NE, Canton, Ohio 44704, a HUBZone location. SBA determined that TAB Construction did not exist at this site, but rather was found to be operating its business at 4525 Vliet Street SW, Canton, Ohio 44710, a non-HUBZone location owned by Richardson's father, William J. Richardson. SBA sent TAB Construction a proposed decertification letter on July 13, 2009 (**Exhibit 5**).

On August 11, 2009, Richardson on behalf of TAB, wrote to the SBA, informing the agency that TAB relocated its principal office from 1010 Walnut Avenue NE, Canton, Ohio 44704 to 530 Walnut Avenue NE, Canton, Ohio 44704 in the summer of 2009, but failed to notify the SBA of the change of the principal location. Richardson added that there was "insufficient space and security to store TAB's construction equipment at the 530 Walnut Ave. location" and thus TAB rented out space at the 4524 Vliet Street location (**Exhibit 6**). SBA conducted a second site visit and noted that TAB Construction was attempting to co-occupy the 530 Walnut Avenue NE location with MARS Real Estate Investments, a company owned by Richardson, but keep all of its construction equipment and essential operating logistical infrastructure at the 4524 Vliet Street location. SBA formally decertified TAB on August 6, 2010.

On January 11, 2011, Richardson responded to SBA's formal decertification letter, again refuting that TAB was not located in a HUBZone by stating that the company merely failed to disclose to SBA its recent move from 1010 Walnut Avenue NE to 530 Walnut Avenue NE, both HUBZone locations (**Exhibit 6**).

Former/Current TAB Employees and Contractors Alleged False Certification of Principal Office Location

In his two interviews, former TAB employee **[REDACTED, FOIA Ex. 6, 7c]** stated that no TAB employee ever worked at the 1010 Walnut Avenue NE office and that he was told by the company to stamp the 1010 Walnut Avenue NE address on any correspondence related to a government contract. **[REDACTED, FOIA Ex. 6, 7c]** claimed that Richardson moved from

Vliet Street to 530 Walnut Avenue in December 2010 in order to comply with HUBZone eligibility requirements once he reapplied to the program (**Exhibit 7**).

Former Land Surveyor **[REDACTED, FOIA Ex. 6, 7c]** also stated in his interview that when he started in February 2002, TAB was located on Vliet Street. **[REDACTED, FOIA Ex. 6, 7c]** stated that TAB was never at 1010 Walnut Avenue NE, Canton, OH. **[REDACTED, FOIA Ex. 6, 7c]** reported that Richardson had some of TAB's mail going to the 1010 Walnut Avenue address and that several times he was tasked with going over to 1010 Walnut Avenue to pick up the mail **[REDACTED, FOIA Ex. 6, 7c]** stated that in 2009 Richardson placed two employees over at the 530 Walnut Avenue address, while he and the other employees remained at the TAB office location on Vliet Street (**Exhibit 8**).

In her interview, Accountant Assistant **[REDACTED, FOIA Ex. 6, 7c]** reported that she had been with TAB since June 30, 2003. **[REDACTED, FOIA Ex. 6, 7c]** stated that when she started with TAB, she worked at TAB's 4534 Vliet Street office location. According to **[REDACTED, FOIA Ex. 6, 7c]**, she had always worked at the 4534 Vliet Street, Canton, OH location until January 2011 when she officially moved to TAB's new office location at 530 Walnut Avenue, Canton, OH. From 2008 to 2011, **[REDACTED, FOIA Ex. 6, 7c]** reported that she worked approximately 10 to 12 hours per week at the 530 Walnut Avenue office and worked the rest of the week at the 4534 Vliet Street office. **[REDACTED, FOIA Ex. 6, 7c]** also stated that until January 2011, all of TAB's accounting was done out of the Vliet Street location (**Exhibit 9**). **[REDACTED, FOIA Ex. 6, 7c]** stated that she never worked at 1010 Walnut Avenue, but went there once to pick up mail.

Former TAB Accountant **[REDACTED, FOIA Ex. 6, 7c]** reported in his interview that he worked for TAB from approximately September 2008 to September 2010. When **[REDACTED, FOIA Ex. 6, 7c]** started with TAB in September 2008, he worked out of the Vliet Street office address. **[REDACTED, FOIA Ex. 6, 7c]** reported that the entire time he worked for TAB his desk was always located at the Vliet Street office. **[REDACTED, FOIA Ex. 6, 7c]** reported that TAB was never physically located at 1010 Walnut Avenue **[REDACTED, FOIA Ex. 6, 7c]** stated that he was directed several times by **[REDACTED, FOIA Ex. 6, 7c]** to go to the 1010 Walnut Avenue address to pick up mail. According to **[REDACTED, FOIA Ex. 6, 7c]** whenever he went to 1010 Walnut Avenue an individual there usually gave him a stack of mail that had been set aside for TAB (**Exhibit 10**).

[REDACTED, FOIA Ex. 6, 7c] reported in her interview that she worked for TAB from 1993 to 2009 as TAB's bookkeeper. During her employment at TAB **[REDACTED, FOIA Ex. 6, 7c]** worked at the Vliet Street location and never moved to the Walnut Street address. **[REDACTED, FOIA Ex. 6, 7c]** reported that none of the administrative employees worked at any other location besides the Vliet Street address (**Exhibit 11**). **[REDACTED, FOIA Ex. 6, 7c]** stated that **[REDACTED, FOIA Ex. 6, 7c]** (deceased) was a consultant for TAB and worked out of his own office on 1010 Walnut Street. According to **[REDACTED, FOIA Ex. 6, 7c]**, **[REDACTED, FOIA Ex. 6, 7c]** was the only person to work from that location and that he ran his office. **[REDACTED, FOIA Ex. 6, 7c]** stated that TAB did not maintain an office at any other locations during her employment, besides the Vliet Street address.

Chief Executive Officer of Betterbuilt.com **[REDACTED, FOIA Ex. 6, 7c]** stated in his interview that from the time TAB hired BetterBuilt.com, TAB Construction was only located on Vliet Street. Draggi reported that in the summer of 2009, he was contacted by TAB to set up computers, network printers, DSL for TAB employees, **[REDACTED, FOIA Ex. 6, 7c]**, as well as for Richardson and one other desk at 530 Walnut Avenue. **[REDACTED, FOIA Ex. 6, 7c]** recalled that Richardson made this request shortly after construction on the 530 Walnut Avenue property was completed. **[REDACTED, FOIA Ex. 6, 7c]** reported that prior to receiving this request from TAB in 2009; all of BetterBuilt.com's services were conducted at TAB Construction's Vliet Street location. A few months after **[REDACTED, FOIA Ex. 6, 7c]** set up the four computer stations at 530 Walnut Avenue in the summer of 2009, BetterBuilt.com received a request from TAB to have the entire building at 530 Walnut Avenue wired for computer services as TAB was officially relocating from Vliet Street to 530 Walnut Avenue. **[REDACTED, FOIA Ex. 6, 7c]** was given a finish date of December 27, 2010 by TAB (**Exhibit 12**).

Documentation showing that TAB Construction's Principal Office Was Never in a HUBZone

2000-2002 Lease for 1010 Walnut Avenue NE

TAB became a participant in the HUBZone program on August 18, 2000, registering with SBA its principal place of business as 1010 Walnut Avenue, located within a HUBZone. A commercial lease agreement was obtained for 1010 Walnut Avenue between **[REDACTED, FOIA Ex. 6, 7c]** (Landlord) and Richardson, on behalf of TAB Equipment and Supply, Inc. (Richardson originally founded "TAB Construction" as "TAB Equipment and Supply" in 1993. In early 2002, "TAB Equipment and Supply" changed its name to "TAB Construction".) The lease begins on June 1, 2000 and ends on May 30, 2002. 1010 Walnut Avenue continues to be owned by **[REDACTED, FOIA Ex. 6, 7c]**'s family.

2002 – 2009 Lease for 4525 Vliet Street SW

Upon the expiration of the commercial lease, Richardson and his wife, **[REDACTED, FOIA Ex. 6, 7c]** (Landlords) executed a lease with Richardson, on behalf of TAB, for property at 4525 Vliet Street SW, Canton, Ohio 44710, a non-HUBZone location. This lease commenced on June 17, 2002 and expired on June 19, 2009. 4525 Vliet Street SW continues to be owned by Richardson. Richardson never submitted to SBA a copy of this lease or a renewed lease for 1010 Walnut Avenue NE.

2009 – 2013 Lease for 530 Walnut Avenue NE

In its response to the HUBZone decertification letters, TAB also submitted a copy of a lease entered into on June 10, 2009 between MARS Real Estate Investments, Ltd. (Lessor) and TAB for the 530 Walnut Avenue NE address. This lease was executed after the site visit performed by

the SBA Cleveland District Office on May 28, 2009. MARS Real Estate Investments, owned by Richardson, is the owner of the 530 Walnut Avenue address.

Miscellaneous Documents

After receiving the proposed decertification letter on July 27, 2009, TAB changed its business address with the State of Ohio to reflect the 530 Walnut Avenue address from 4525 Vliet Street SW, the company's registered business address since 2002. Additionally, TAB's corporate registrations with the states of Kentucky (May 6, 2008), Virginia (2006), and Pennsylvania (2006), list 4534 Vliet Street SW as the address of TAB.

A 2005 Corporate income tax return filed by TAB Construction lists the company as located at 4534 Vliet Street SW as well.

On January 10, 2006, the Ohio Bureau of Workers' Compensation released a lien against TAB Construction. The County Recorder's Office listed TAB's address as 4534 Vliet Street. The lien was filed against TAB Construction at 4534 Vliet Street on May 1, 2004.

In addition, an email from **[REDACTED, FOIA Ex. 6, 7c]**, TAB's Quality Control Assistant, to the State of Ohio for a state EDGE Loan Application sent on June 10, 2008, lists TAB's address as 4534 Vliet Street.

Civil Qui Tams Filed Against Richardson and TAB

On May 25, 2011, **[REDACTED, FOIA Ex. 6, 7c]** filed a qui tam action in the U.S. District Court for the Southern District of West Virginia. The case was subsequently transferred to the U.S. District Court for the Northern District of Ohio. **[REDACTED, FOIA Ex. 6, 7c]** complaint alleged that TAB falsely represented to the government that it qualified for the SBA HUBZone program.

On July 13, 2011, **[REDACTED, FOIA Ex. 6, 7c]** filed a qui tam action in the U.S. District Court for the Northern District of Ohio, alleging that TAB and Richardson falsely represented to the government that it qualified for the SBA HUBZone program. The U.S. District Court for the Northern District of Ohio consolidated the two separate qui tam actions on March 13, 2012. The U.S. DOJ, Civil Division, Fraud Section, partially intervened in the consolidated action on February 12, 2013 in regards to the claims alleged against Richardson and TAB.

On April 17, 2014, Richardson and TAB entered into a civil settlement agreement with the U.S. DOJ as a result of the qui tam actions filed under the False Claims Act, 31 U.S.C. § 3730(b) and agreed to pay $200,000 to the United States under the agreement (**Exhibit 1**).

Criminal Case against Richardson and TAB

On April 17, 2014, TAB and Richardson pled guilty to a one count Information in the United States District Court for the Northern District of Ohio charging Richardson and TAB with one

violation of 18 U.S.C. § 1343, Wire Fraud, for using TAB's fraudulently obtained HUBZone certification to received government set-aside contracts from April 2005 through April 2012 (**Exhibit 2**). Richardson was sentenced on September 14, 2015 to a 12 month imprisonment and two years supervised release. TAB and Richardson were ordered to pay $6,755,034 joint & severally restitution. TAB was also ordered to a pay fine of $7,500 (**Exhibit 3**).

PRIMARY SUBJECTS

William Edgar"Buster" Richardson III, President, TAB Construction; SSN: **[REDACTED, FOIA Ex. 6, 7c]** DOB: **[REDACTED, FOIA Ex. 6, 7c]**; NCIC/III/NLETS criminal history checks for Richardson revealed convictions for driving under the influence and criminal possession of a controlled substance.

TAB Construction Company, Inc.; EIN: 341740211

JUDICIAL/ADMINISTRATIVE ACTIONS

On April 17, 2014, Richardson and TAB entered into a civil settlement agreement with the U.S. Department of Justice as a result of a qui tam action filed under the False Claims Act, 31 U.S.C. § 3730(b) by relators **[REDACTED, FOIA Ex. 6, 7c]** Richardson and TAB paid $200,000 to the United States under the agreement terms.

On September 14, 2015, U.S. District Judge John Adams sentenced William Richardson to 12 months imprisonment, two years supervised release, and restitution in the amount of $6,755,034, joint & severally with TAB Construction. TAB Construction was also ordered to pay a fine of $7,500.

On September 8, 2016, the U.S. Army Criminal Investigation Division reported that TAB Construction and Richardson were officially debarred by the U.S. Army Suspension and Debarment Official (SDO) from contracting with the U.S. government, effective April 26, 2016 through September 14, 2021. The SDO also debarred MARS Real Estate Investments Ltd and BHR Real Estate, LLC, both affiliated companies of Richardson, through September 14, 2021.

DISPOSITION OF EVIDENCE

There were no original documents or other evidence inventoried by SBA OIG during this investigation. Copies of pertinent records will be retained in the case file to be destroyed at a later date in adherence with SBA/OIG policy.

STATUS

The purpose of this report is to close this case.

EXHIBITS

Exhibit #	Description
1	Fully Executed TAB Construction Civil Settlement Agreement
2	Plea Agreements for William Richardson and TAB Construction, dated April 17, 2014
3	Judgments against William Richardson and TAB Construction
4	TAB Construction Decertification Letter, dated August 6, 2010, from SBA
5	Proposed Decertification Letter / Memo from **[REDACTED, FOIA Ex. 6, 7c]**, BDS, SBA Cleveland District Office, dated May 28, 2009
6	TAB Construction's Response Letters to SBA's Decertification Letters
7	Memorandum of Interviews (MOI) of **[REDACTED, FOIA Ex. 6, 7c]**, dated April 29, 2011 and August 24, 2011
8	MOI of **[REDACTED, FOIA Ex. 6, 7c]**, dated June 13, 2011
9	MOI of **[REDACTED, FOIA Ex. 6, 7c]**, dated October 6, 2011
10	MOI of **[REDACTED, FOIA Ex. 6, 7c]**, dated September 10, 2011
11	MOI of **[REDACTED, FOIA Ex. 6, 7c]**, dated October 11, 2011
12	MOI of **[REDACTED, FOIA Ex. 6, 7c]**, dated June 15, 2011

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, FOIA EX. 6, 7C]
Approved by:	[REDACTED, FOIA Ex. 6, 7C

PRELIMINARY CASE CLOSING MEMORANDUM

CASE#: E-CC-12-0227-P	**CASE AGENT:** [REDACTED, FOIA EX. 6, 7C
CASE TITLE: AVUE/AMSAQ	
DATE: January 19, 2016	

On February 15, 2011, Special Agent (SA) **[REDACTED, FOIA Ex. 6, 7C]**, Investigations Division, Office of Inspector General (OIG), U.S. Small Business Administration (SBA) received a referral from **[REDACTED, FOIA Ex. 6, 7C]**, Attorney, Counsel Division, SBA OIG, alleging that Avue Technologies, a large company, used small 8(a) government contractors such as Truestone and Amsaq, Inc. (Amsaq), as a pass through to obtain government contracts. According to the allegations Avue did not maintain any direct contracts with the government; however, Avue is completing all of the work on contracts held by Truestone and Amsaq.

Peace Corp OIG was the lead organization in the investigation. It was determined by the Peace Corp OIG through personal observations; information supplied by the companies through subpoenas and other investigative techniques that Avue and Amsaq failed to meet material percentage of work requirements for small business set aside 8(a) contracts.

Suspension and Debarment referrals were filed against Avue and Amsaq. Both companies entered into administrative agreements with the government on February 8 and 13, 2013 respectively in lieu of suspension and debarment.

SBA OIG sent additional subpoenas to Avue on June 11, 2013 at the request of Peace Corp OIG. Avue returned documents responsive to the subpoenas on August 9, 2013. The responsive documents were forwarded to Peace Corp OIG on August 22, 2013 for their review.

SBA OIG counsel agreed to draft a civil False Claims Act complaint against Avue for forwarding to DOJ. However, on December 8, 2015, SBA OIG counsel declined any further action and concurred with closing the case, stating, in part, "We have so many other matters that do not have the potential harm to materiality caused by the SBA's capitulation on the debarment. We have a significant risk of DOJ not accepting the case given the notice in the contract and the SBA's lack of apparent concern."

This case was coordinated with the United States Attorney's Office for the District of Columbia. There was no prosecutorial interest in the case as lack of documentation prevented a substantiation of false statements.

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by: [redacted] **[REDACTED, FOIA EX. 6, 7(C)]**	
Approved by: [redacted] **[REDACTED, FOIA EX. 6, 7(C)]**	

PRELIMINARY CASE CLOSING MEMORANDUM

CASE#: C-1A-16-0265-P	**CASE AGENT:** [redacted] **[REDACTED, FOIA EX. 6, 7(C)]**
CASE TITLE: [redacted] **[REDACTED, FOIA EX. 6, 7(C)]**	
DATE: September 21, 2016	

On June 6, 2016, the reporting agent (RA) Special Agent [redacted] **[REDACTED, FOIA EX. 6, 7(C)]**, U.S. Small Business Administration (SBA), Office of Inspector General (OIG), Central Region, received a referral from [redacted] **[REDACTED, FOIA EX. 6, 7(C)]** of the LR Commercial Loan Servicing Center (LRCLSC) regarding misuse of employee time. The allegation stated that [redacted] ([redacted]) **[REDACTED, FOIA EX. 6, 7(C)]**, Loan Specialist, SBA, has a tow truck business that he operates during work hours. It is alleged that [redacted] **[REDACTED, FOIA EX. 6, 7(C)]** parks his tow truck near the office and takes various towing calls during work hours, without taking leave.

On July 20, 2016, the RA conducted site visits of the area surrounding the SBA Little Rock District Office, located at 2120 Riverfront Dr, Little Rock, AR 72202 and [redacted]'s **[REDACTED, FOIA EX. 6, 7(C)]** residence, located at [redacted] **[REDACTED, FOIA EX. 6, 7(C)]**. The purpose of the site visits was to locate [redacted]s **[REDACTED, FOIA EX. 6, 7(C)]** tow truck. Upon visiting the SBA district office the RA drove around the office and nearby locations but did not locate a wrecker within walking distance. The RA then drove to [redacted]'s **[REDACTED, FOIA EX. 6, 7(C)]** house, where a tow truck was spotted in [redacted]'s **[REDACTED, FOIA EX. 6, 7(C)]** back yard with decals showing "J-Team Recovery". An Arkansas Secretary of State query revealed that J-Team Recovery (J-Team) is a business registered to [redacted] [redacted] **[REDACTED, FOIA EX. 6, 7(C)]**. The business was incorporated on 9/21/2015 and the status is not current.

On August 2, 2016, the RA served an Inspector General (IG) subpoena to Facebook. The Subpoena requested any records relating to J-Team's Facebook page. J-Team's Facebook page has since been deleted and Facebook does not retain records unless a preservation order is received, therefore no records were kept. However, the RA managed to look at a

cached version of J-Team's page, which had very little information but reflected telephone number [redacted] **[REDACTED, FOIA EX. 6, 7(C)]**.

On August 2, 2016, the RA served an IG subpoena to AT&T. The subpoena requested basic subscriber information for the telephone number [redacted] **[REDACTED, FOIA EX. 6, 7(C)]**. On September 12, 2016 the RA received AT&T records in the form of an encrypted email. The records reflected the number belonged to [redacted] and was active from November 11, 2015 – February 8, 2016.

No further investigation is warranted at this time based on that the business appears to be inactive due to an expired Arkansas Secretary of State registration and a deleted Facebook page. The tow truck was also not within walking distance of the SBA District Office but in [redacted]'s backyard where it appeared dormant and was blocked in by a fence and boat.

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, EX. 6, 7(C)]
Approved by:	[REDACTED, EX. 6, 7(C)]

REPORT OF INVESTIGATION

CASE#: E-CC-12-0228-I	**DATE OF REPORT:** March 9, 2016
CASE TITLE: ROSA COLON, IVAN ET AL.	
PERIOD OF INVESTIGATION: June 27, 2012 **TO** January 19, 2016	
CASE AGENT: [REDACTED, EX. 6, 7(C)]	
DISTRIBUTION: EASTERN REGIONAL OFFICE; AIGI	

SUMMARY

The reporting agent (RA), Special Agent (SA) **[REDACTED, Ex. 6, 7(c)]**, initiated this investigation based on a referral from the U.S. Department of Veterans Affairs (VA), Office of Inspector General (OIG), Criminal Investigation Division, West Palm Beach Resident Agency, Florida, that alleged Belkro General Contractors (Belkro) from Bayamon, Puerto Rico, fraudulently obtained Service Disabled Veteran Owned Small Business (SDVOSB) set-aside contracts; however, IRC Air & Contractor, Inc. (IRC), a graduated SBA 8(a) firm from Naranjito, Puerto Rico, actually performed all the work and received all the monetary benefit from the SDVOSB contracts. It was further alleged that Ivan Rosa, Vice President of Belkro, who is not a service-disabled veteran actually operated Belkro, IRC, and ERC Manufacturing, Inc. (ERC). Ivan Rosa was listed as both President and Chief Executive Officer (CEO) of IRC.

From approximately 2007 to 2014, Belkro utilized its SDVOSB status to obtain eight VA set-aside or sole-source contracts totaling $6,695,929 and 12 VA purchase order contracts totaling $1,006,791 to perform construction projects at VA Caribbean Healthcare System in San Juan, Puerto Rico. Belkro was also awarded VA contracts totaling $443,493 that were funded through the American Recovery and Reinvestment Act (ARRA).

The RA investigated this case for possible violations of Title 18 United States Code (USC) Section 1031, Major Fraud against the United States, 18 USC, Section 1343, Wire Fraud, and 18 USC, Section 1001, False Statements.

The case was coordinated with the United States Attorney's Office (USAO) for the District of Puerto Rico, and VA OIG.

DETAILS

The investigation disclosed that Belkro President and CEO Jose Rosa, brother of Ivan Rosa, was not the 51% owner operator of Belkro. Jose Rosa did not control the management or daily business operations of Belkro. Furthermore, beginning in 2007 and continuing until October 2012, Jose Rosa, a service-disabled veteran, was a full-time employee of the United States Postal Service in San Juan, Puerto Rico. Louis Torres (Torres), Project Manager of IRC and Belkro, registered Belkro as a SDVOSB in the government database. Torres certified Belkro's SDVOSB status for contracts requiring SDVOSB status, including those of the VA Caribbean Healthcare System, San Juan, Puerto Rico.

On June 3, 2015, in the U.S. District Court for the District of Puerto Rico, a federal grand jury returned a five-count indictment charging Jose Rosa, Ivan Rosa, and Torres. Jose Rosa, Ivan Rosa and Torres were each indicted on one count of Title, 18 USC, Section 1031, Major Fraud against the United States, and four counts of Title, 18 USC, Section 1343, Wire Fraud. Jose Rosa, Ivan Rosa and Torres were also charged under Title, 18 USC, Section 982(a) (3), Forfeiture. **(Exhibit 1)**

On August 28, 2015, Torres, Jose Rosa, and Ivan Rosa, pled guilty to one count of Title 18, USC 1031,Major Fraud against the United States. **(Exhibit 2)**

On December 2, 2015, Torres was sentenced to two years' probation and a $100 special assessment fee. The remaining counts of the indictment were dismissed on the motion of the United States. **(Exhibit 3)**

On December 29, 2015, Ivan Rosa was sentenced to one year probation, $2,500 in fines, and a $100 special assessment fee. The remaining counts of the Indictment were dismissed on the motion of the United States. **(Exhibit 4)**

On December 29, 2015, Jose Rosa was sentenced to one year probation and a $100 special assessment fee. The remaining counts of the Indictment were dismissed on the motion of the United States. **(Exhibit 5)**

SUBJECTS

Ivan Rosa, **[REDACTED, Ex. 6, 7(c)]**
Jose Rosa, **[REDACTED, Ex. 6, 7(c)]**
Louis Torres, **[REDACTED, Ex. 6, 7(c)]**

JUDICIAL/ADMINISTRATIVE ACTIONS

On August 28, 2015, Jose Rosa and Ivan Rosa entered into an agreement for civil monetary penalties with the USAO, District of Puerto Rico, on behalf of the VA. The civil settlement agreement was for the resolution of certain civil claims under the False Claims Act, 31 USC., Section 3729 in relation to the covered conduct related to the criminal case and the charges of

Title 18, USC 1031, Major Fraud against the United States. In the settlement, Ivan Rosa and Jose Rosa each agreed to a payment of $15,000 to the United States. **(Exhibit 6)**

DISPOSITION OF EVIDENCE

There were no original documents or other evidence inventoried during the investigation. The RA returned the IRC 8(a) case file to the SBA Puerto Rico District Office.

STATUS

Case closed.

EXHIBITS

Exhibit #	Description
1	U.S. District Court for the District of Puerto Rico Indictment charging Jose Rosa, Ivan Rosa, and Louis Torres, filed June 3, 2015.
2	Louis Torres, Jose Rosa, and Ivan Rosa Plea Agreement filed August 28, 2015.
3	Louis Torres Judgment in a Criminal Case filed December 2, 2015.
4	Ivan Rosa Judgment in a Criminal Case filed December 29, 2015.
5	Jose Rosa Judgment in a Criminal Case filed December 29, 2015.
6	Ivan Rosa and Jose Rosa Settlement Agreement filed August 28, 2015.

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, FOIA EX. 6, 7C]
Approved by:	[REDACTED, FOIA Ex. 6, 7c]

REPORT OF INVESTIGATION

CASE#: E-CC-12-0250-I	**DATE OF REPORT:** April 29, 2016
CASE TITLE: M3L CORPORATION	
PERIOD OF INVESTIGATION: November 28, 2012 **TO** April 4, 2016	
CASE AGENT: [REDACTED, FOIA EX. 6, 7C]	
DISTRIBUTION:	

SUMMARY

The previous reporting agent (RA), **[REDACTED, FOIA Ex. 6, 7c]**, former Special Agent (SA), Small Business Administration (SBA), Office of Inspector General (OIG), initiated this investigation on November 28, 2012 into allegations that M3L Corporation (M3L), an SBA 8(a) minority owned small disadvantaged business, made false statements on its SBA 8(a) application. There were additional allegations of grant steering and bribery involving a member of M3L. **(Exhibit 1)**

This investigation pursued violations of Title 18 U.S.C. § 371, Conspiracy; 18 U.S.C. § 666, Program Fraud Bribery; 18 U.S.C. § 1341, Mail Fraud; 18 U.S.C. § 1343, Wire Fraud; 18 U.S. C. § 1001, False Statements; and 18 U.S.C. § 1956, Money Laundering. The investigation was worked in coordination with the Federal Bureau of Investigation (FBI), the U.S. Department of Labor (DOL) OIG, and the U.S. Attorney's Office for the District of Maryland.

DETAILS

In May of 2012, the FBI received an anonymous complaint, which later turned out to be **[REDACTED, FOIA Ex. 6, 7c]**about possible grant-steering in the Maryland Department of Labor and Licensing and Regulation (DLLR). The grant-steering was purported to have been committed by **[REDACTED, FOIA Ex. 6, 7c]**Assistant Secretary of Labor, DLLR. **[REDACTED, FOIA Ex. 6, 7c]**allegedly inappropriately steered a DOL grant to **[REDACTED, FOIA Ex. 6, 7c]**and his company, Creative Resources at Work (CRW).

During 2001, CRW went out of business and forfeited its incorporation with the State of Maryland while still under active grant agreements with the DLLR and MWC. After this was brought to the attention of MWC and DLLR, CRW reportedly merged with another company named M3L. M3L was an active SBA 8(a) firm, licensed in March of 2004 and due to graduate the SBA 8(a) program in March of 2013. M3L was owned and operated by **[REDACTED, FOIA Ex. 6, 7c]**
On September 28, 2012, a search warrant was executed at the residence of **[REDACTED, FOIA Ex. 6, 7c]**During the course of the investigation it was determined that **[REDACTED, FOIA Ex. 6, 7c]**was employed by the District of Columbia in the Department of Unemployment Services as an Unemployment Tax Auditor. **[REDACTED, FOIA Ex. 6, 7c]** began working for the District of Columbia on July 7, 2008. [REDACTED, FOIA Ex. 6, 7c]'s employment was confirmed with the District of Columbia, Office of Inspector General. **(Exhibit 2).**
[REDACTED, FOIA Ex. 6, 7c]did not notify the SBA of this employment nor did he disclose this on the M3L annual updates filed with the SBA. On October 11, 2012, the SBA suspended **[REDACTED, FOIA Ex. 6, 7c]**and M3L from government contracting. **(Exhibit 3)**

A review was conducted of the M3L SBA 8(a) file from the SBA Washington Metropolitan Area District Office. The SBA 8(a) file did not suggest that **[REDACTED, FOIA Ex. 6, 7c]**identified he was a full time employee of any other company outside of M3L. However, included in the SBA 8(a) file was [REDACTED, FOIA Ex. 6, 7c]'s 2011 Personal Income Tax Return, Form 1040, which included a Form W-2 indicating income from the District of Columbia in the amount of $59,815. There was no evidence in the SBA 8(a) file to indicate that **[REDACTED, FOIA Ex. 6, 7c]**was questioned about the Form W-2 or the source of the funds. **(Exhibit 4)** For this reason, the prosecution of **[REDACTED, FOIA Ex. 6, 7c]**was declined by the U.S. Attorney's Office on April 4, 2016. **(Exhibit 5)**.

The allegations against **[REDACTED, FOIA Ex. 6, 7c]** were unsubstantiated and the investigations were closed by the Federal Bureau of Investigation and the U.S. Department of Labor OIG.

SUBJECTS

[REDACTED, FOIA Ex. 6, 7c]

Creative Resources at Work
9470 Annapolis Road, Suite 209
Lanham, MD 20706

JUDICIAL/CIVIL/ADMINISTRATIVE ACTIONS

On October 11, 2012, the SBA suspended **[REDACTED, FOIA Ex. 6, 7c]** and M3L from government contracting. No other actions were taken.

DISPOSITION OF EVIDENCE

No original evidence was obtained by SBA during the course of this investigation. Evidence obtained from the search warrant was handled and maintained by the FBI.

STATUS

Case Closed.

EXHIBITS

Exhibit #	Description
1	Case Initiation
2	FBI Form 302, Interview **[REDACTED, FOIA Ex. 6, 7c]**, Supervisor, District of Columbia, Office of Inspector General, dated August 1, 2012
3	Copy of [REDACTED, FOIA Ex. 6, 7c]/M3L Corporation Suspension Letter, dated October 11, 2012
4	**[REDACTED, FOIA Ex. 6, 7c]**2011 Personal Income Tax Return, Form 1040
5	U.S. Attorney's Office Case Declination E-Mail, dated April 4, 2016

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, EX. 6, 7C]
Approved by:	[REDACTED, EX. 6, 7C]

REPORT OF INVESTIGATION

CASE#: E-CC-13-0024-I	**DATE OF REPORT:** July 8, 2016
CASE TITLE: DESIGN BUILD CONTRACTORS, LLC	
PERIOD OF INVESTIGATION: September 5, 2012 **TO** July 5, 2016	
CASE AGENT: [REDACTED, EX. 6, 7C]	
DISTRIBUTION:	

SUMMARY

Tarsem "Tony" Singh was alleged to have created Design Build Contractors, LLC, as a follow-on company in order to maintain access to 8(a) contracts after a company he controlled, Specialty Construction Management, graduated from the 8(a) program, in violation of 18 USC 1031, Major Fraud against the Government. The investigation substantiated the allegations and in December 2015 Singh pleaded guilty to a single count of 18 USC 1031. Singh was sentenced in July 2016.

DETAILS

On September 5, 2012, the Office of Inspector General (OIG) at the U.S. General Services Administration (GSA) requested the assistance of the OIG at the U.S. Small Business Administration in investigating Tarsem "Tony" Singh. Singh was alleged to be controlling Design Build Contractors, LLC (DBC), an 8(a) certified firm. Singh was reportedly also controlling Specialty Construction Management (SCM), a firm that graduated from the 8(a) program in 2009. Singh had been convicted in November 2010 of bribing a GSA official.

The source of the information on this matter came from **[REDACTED, Ex. 6, 7c] (Exhibit #1)** Multiple interviews were conducted and a search warrant was executed in December 2012. The investigation substantiated the allegations.

The investigation found that from January 12, 2000, through January 12, 2009, Singh and his wife, through SCM, which specialized in construction and renovating and altering buildings, obtained millions in federal contracts. On January 12, 2009, SCM graduated from the 8(a) program and was no longer eligible for contracts awarded through the program.

On January 12, 2009 - the same day that SCM graduated from the 8(a) program – Singh assisted DBC in its application to the 8(a) program. DBC was certified to participate in the 8 (a) program

on May 1, 2009. Shortly after DBC was certified, Singh caused himself to be named its vice president.

As the vice president of DBC, Singh was contacted by government personnel about federal contracts and, in some circumstances, made the decision on whether the company would bid on these projects. However, DBC was little more than a shell company that Singh helped create as it was graduating from the 8(a) program. DBC lacked the employees to perform the 15% of the labor it was required to provide on the projects that Singh bid. Throughout the life of the contracts obtained through this scheme, DBC had only one employee who performed work on the projects it was awarded. Singh used a combination of SCM personnel and sub-contractors to staff projects awarded to DBC

From August 2009 through December 2010, DBC obtained a total of $6,808,552 in more than 25 federal contracts in this manner from GSA.

To disguise the activities, Singh took a variety of steps, including: obtaining magnetic logos bearing the name of DBC; directing a SCM employee to place DBC's magnetic logos on a SCM vehicle when the vehicle would be used at construction sites for projects awarded by GSA; using and directing other SCM employees to use DBC e-mail accounts when corresponding with the government about contracts awarded to DBC; and instructing SCM employees to tell GSA representatives that they were representing DBC on certain jobs.

SUBJECTS
Tony "Tarsem Singh
[REDACTED, Ex. 6, 7c]

Design Build Contractors, LLC
4647 Baltimore Avenue
Hyattsville, Maryland 20781

JUDICIAL/ADMINISTRATIVE ACTIONS

On December 17, 2015, Singh pleaded guilty in U.S. District Court for the District of Columbia to an Information charging him with one count of Conspiracy to Commit Major Fraud against the United States, in violation of 18 USC 371. **(Exhibit #2 and #3)**

On July 5, 2016, Singh was sentenced in the U.S. District Court for the District of Columbia to fifteen months incarceration followed by thirty six months supervised release. Singh was ordered to pay a fine of $25,000, restitution in the amount of $119,165, and a special assessment of $100. Singh was also ordered to perform 200 hours of community service. **(Exhibit #4)**

A referral for the suspension and debarment of DBC owner **[REDACTED, Ex. 6, 7c]** will be completed by GSA-OIG. **[REDACTED, Ex. 6, 7c]** was not charged criminally in this matter due to her cooperation as the complainant and the minimal financial benefit she received as a result of the scheme.

EXHIBITS

Exhibit #	Description
1	GSA-OIG MOI of **[REDACTED, Ex. 6, 7c]** dated May 24, 2012
2	Singh Plea Agreement signed December 17, 2015
3	Singh Information filed November 20, 2015
4	Singh Judgment dated July 5, 2016
5	
6	
7	
8	

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, Ex. 6, 7(c)]
Approved by:	[REDACTED, EX. 6, 7(C)]

REPORT OF INVESTIGATION

CASE#: E-CC-13-0180-I	**DATE OF REPORT:** March 25, 2016
CASE TITLE: AIR IDEAL, INC. ET AL.	
PERIOD OF INVESTIGATION: May 24, 2013 **TO** February 2, 2016	
CASE AGENT: [REDACTED, EX. 6, 7(C)]	
DISTRIBUTION: EASTERN REGIONAL OFFICE OFFICIAL CASE FILE; AIGI	

SUMMARY

On May 24, 2013, the Reporting Agent (RA) received a Qui Tam complaint via email from former Special Agent-in-Charge [REDACTED, Ex. 6, 7(c)], Small Business Administration (SBA), Office of Inspector General (OIG). The complaint alleged that Air Ideal, Inc. (AII), in Winter Park, Florida (FL), submitted false statements concerning its principal office in order to qualify for the HUBZone program. AII had received over $5 million in Department of Homeland Security (Coast Guard), Department of Defense (Army), and the Department of Interior (National Park Service) HUBZone set-aside contracts as a result of the fraudulent representations in connection with its HUBZone certification and its bid on, and receipt of, the government contracts.

Ms. Kim Amkraut, Chief Financial Officer and majority owner of AII, submitted the false AII HUBZone application and was charged by Information and convicted. AII, Kim Amkraut and her husband, Mitchell Amkraut, President and minority owner of AII, also paid a civil settlement of $250,000, and agreed to pay five percent of the gross annual revenue for AII for the next five years to the United States to settle civil claims under the False Claims Act and the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

This case was work joint with the Department of Homeland Security, Office of Inspector General (DHS OIG); Defense Criminal Investigative Service (DCIS); the Coast Guard Investigative Service (CGIS); and the United States Attorney's Office (USAO) for the Middle District of Florida, Orlando Division. The USAO Criminal and Civil Divisions worked this case in parallel proceedings resulting in a criminal conviction; civil settlement; and, administrative actions.

DETAILS

The False Claims Act was initiated upon receipt of a Qui Tam (Sealed) complaint filed on May 16, 2013, by Relator Patricia Hopson (Relator Hopson), who works as a competitor to AII, after Hopson lost a bid to AII for a HUBZone set-aside contract. Hopson alleged that AII submitted false statements concerning its principal office in order to qualify for the HUBZone program **(Exhibit #1)**. AII had received over $5 million in HUBZone set-aside contracts as a result of the fraudulently-obtained certification.

The investigation substantiated the Relator's allegations that from the period of 2010 to 2013, AII falsely certified to the SBA that its principal office was located in a designated HUBZone, when in fact; its principal office was actually located in a non-HUBZone. Both the sham office and actual office were located in Orlando, FL. Using this fraudulently-obtained certification, AII then bid on and received various federal government contracts that had been set-aside for qualified HUBZone companies, and submitted claims for payment under those contracts.

It was found that AII used a "virtual office" in Orlando as its HUBZone address when it applied in September, 2010. Under the contract with the virtual office company, AII could use the mailing address and phone number of the virtual office, and could use office space by the hour on an as-needed basis. Account statements showed that AII never paid for hourly office space there. At the same time, AII used its non-HUBZone address for virtually all non-government business, as well as its federal tax returns. Not only did AII misrepresent the location of its principal office to the SBA, but AII also submitted to the SBA a fabricated lease agreement and other fabricated documents for its purported HUBZone office. Furthermore, during the government's investigation of this case, the defendant fabricated another version of its agreement for the virtual office and submitted that false document to the government.

On January 22, 2014, the SBA OIG, DHS OIG, DCIS OIG, and CGIS, conducted simultaneous search warrants at 218 Torcaso Court, Winter Springs, FL, the residence of Mitchell and Kim Amkraut, principal corporate officers of AII, and at 7033 Stapoint Court, A-1, Winter Park, FL, the business location of AII.

On August 18, 2014, the United States intervened in the Civil Action as to AII and Kim Amkraut and filed the United States' Complaint in Intervention on December 1, 2014. The United States alleged that AII and Amkraut knowingly misrepresented AII's eligibility for the HUBZone program and submitted forged documents to the SBA to obtain certification as a HUBZone business under the False Claims Act and the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) **(Exhibit #2).**

On April 8, 2015, a settlement agreement was reached between the United States Department of Justice, U.S. Small Business Administration, Department of the Army, Department of Homeland Security, Department of Interior, AII, Kim and Mitchell Amkraut, and Relator Hopson. The settlement agreement was for the resolution of a False Claims Act (31 USC 3729) case against AII, Kim and Mitchell Amkraut **(Exhibit #3).**

On May 15, 2015, Amkraut was charged in an Information in the United States District Court, Middle District of Florida, Orlando Division, with one count of making false statements, representations, and false writings and documents to a federal agency, all in violation of Title 18 United States Code, Section 1001(a)(2) and (3) **(Exhibit #4).**

On June 4, 2015, the United States District Court for the Middle District of Florida reviewed the original plea agreement as to the count in the Information and Amkraut entered a plea of guilty **(Exhibit #5).**

On October 22, 2015, Amkraut was sentenced in the United States District Court, Middle District of Florida, Orlando Division, to three years' probation; to serve 24 days, at the Alternative to Incarceration Program at the Brevard County Sheriff's Work Farm, and a $100 Special Assessment fee **(Exhibit # 6).**

SUBJECTS

Air Ideal, Inc. (AII)
7033 Stapoint Court
Suite A-1
Winter Park, Florida 32792

Kim C. Amkraut
218 Torcaso Court
Winter Springs, Florida 32708
[REDACTED, Ex. 6, 7(c)]

Mitchell Amkraut
218 Torcaso Court
Winter Springs, Florida 32708
[REDACTED, Ex. 6, 7(c)]

JUDICIAL/ADMINISTRATIVE ACTIONS

Kim C. Amkraut charged by Information and convicted. AII, Kim and Mitchell Amkraut paid $250,000 and agreed to pay five percent of the gross annual revenue for AII for the next five years to the United States to settle civil claims under the False Claims Act and the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

On June 17, 2015, a suspension referral was forwarded to SBA's Office of General Counsel (OGC) and on December 1, 2015, a formal debarment referral was forwarded to SBA's OGC.

DISPOSITION OF EVIDENCE

There were no original documents or other evidence inventoried during the investigation. Copies of pertinent records were retained by DHS-OIG in Orlando, FL. All copies of records will be destroyed. The RA returned the AII HUBZone case file to the Government Contracting and Business Development Office, HUBZone Department, Washington, D.C.

STATUS

Case closed. No further action.

EXHIBITS

Exhibit #	Description
1	Qui Tam (Sealed) Complaint filed on May 16, 2013.
2	USAO MDF Complaint of Air Ideal, Inc. and Kim C. Amkraut dated December 1, 2014.
3	Settlement Agreement dated April 8, 2015.
4	Information of Kim C. Amkraut filed on May 15, 2015.
5	Plea Agreement and factual basis of Kim C. Amkraut dated May 13, 2015.
6	Judgment in a Criminal Case re: Kim C. Amkraut filed on October 28, 2015.

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[FOIA REDACTION EX. 6/7C]
Approved by:	[FOIA REDACTION EX. 6/7C]

REPORT OF INVESTIGATION

CASE#: E-CC-14-0099-I	**DATE OF REPORT:** February 3, 2016
CASE TITLE: [FOIA REDACTION EX. 6/7C]	
PERIOD OF INVESTIGATION: June 26, 2013 **TO** January 12, 2016	
CASE AGENT: [FOIA REDACTION EX. 6/7C]	
DISTRIBUTION:	

SUMMARY

The Reporting Agent (RA) initiated this investigation based upon a referral, dated June 26, 2013 **(Exhibit 1)**, from **[FOIA Redaction Ex. 6/7c],** both of the SBA Philadelphia 8(a) Eligibility Unit, King of Prussia, PA, who had alleged irregularities were found while processing the 8(a) application of Global Dynamics, LLC (GD), Columbia, MD. They had provided information that**[FOIA Redaction Ex. 6/7c]**started GD in January 2010 and is the president. **[REDACTED, FOIA Ex. 6, 7c]** also provided information which disclosed that he was a federal employee serving as Procurement Analyst and Program Analyst at the Department of Defense, Office of Inspector General (DOD– OIG), from October 2007 to June 2010; a Contract Specialist at the Department of Education (DOE) Federal Student Aid, Acquisition Management Directorate, from March 2010 to October 2010; and a Contract Specialist, Policy Branch, Department of Labor (DOL) Office of Contracts Management from October 2010 to April 2013. **[FOIA Redaction Ex. 6/7c]** advised **[REDACTED, FOIA Ex. 6, 7c]** was working as a full-time federal employee when GD was the recipient of several federal contracts. The Federal Acquisition Regulations (FAR) Subpart 3.6, Section 3.601 prohibits a government employee from being awarded federal contracts.

The investigation also disclosed a 75 percent SBA-guaranteed loan (# 5973535007) in the amount of $750,000 was made to [redacted] **[REDACTED, FOIA Ex. 6, 7c]** and his firm Global Dynamics, LLC (GD), Columbia, MD, by Sandy Spring Bank. Although the loan had been paid in full, **[REDACTED, FOIA Ex. 6, 7c]** did not disclose he was a Federal employee when applying for the SBA-guaranteed loan on behalf of GD.

None of the agencies that **[REDACTED, FOIA Ex. 6, 7c]** had worked for as a Government employee were interested in pursuing this matter. On July 23, 2014, **[FOIA Redaction Ex. 6/7c]**, Assistant U.S. Attorney, U.S. Attorney's Office, Baltimore, MD, declined prosecution of this matter, and concluded this matter would better be served through administrative remedies. Subsequently, the SBA-OIG made a Suspension/Debarment Recommendation, dated September 22, 2014, to the SBA Debarment Official for Financial Assistance Programs proposing a three year period of debarment for **[REDACTED, FOIA Ex. 6, 7c]** and GD.

This case was initially a zero case and subsequently converted to a pre-initiation and full case to pursue debarment for possible violations of 13 CFR §§105.301(a) and SOP 50 10 5(E) under Subpart A, Chapter 1, Section 6 (Ethical Requirements Placed on a Lender).

DETAILS

Allegation 1 - [REDACTED, FOIA Ex. 6, 7c] was working as a full-time federal employee when GD was the recipient of several federal contracts which is prohibited under the FAR.

The investigation disclosed **[REDACTED, FOIA Ex. 6, 7c]** was only detailed to the DOD-OIG while he was an enlisted Navy officer. SA **[FOIA Redaction Ex. 6/7c]**, Defense Criminal Investigative Service (DCIS), Alexandria, VA, determined GD was the recipient of multiple U.S. Government contracts as a prime contractor and subcontractor while **[REDACTED, FOIA Ex. 6, 7c]** was employed as an active duty service member and civilian U.S. Government employee. **[REDACTED, FOIA Ex. 6, 7c]** failed to disclose his ownership and affiliation in GD to the DOD-OIG and the Office of Personnel Management. Further, SA **[FOIA Redaction Ex. 6/7c]**advised SA **[FOIA Redaction Ex. 6/7c]**, Naval Criminal Investigative Service (NCIS), Washington Field Office, and he had obtained and reviewed a copy of **[REDACTED, FOIA Ex. 6, 7c]**'s Navy personnel file. It did not appear that **[REDACTED, FOIA Ex. 6, 7c]** was required to file an OGE Form 450, Confidential Financial Disclosure Report with the Navy and since **[REDACTED, FOIA Ex. 6, 7c]** was only detailed to the DOD-OIG as an enlisted Navy officer, his office had no further records on **[REDACTED, FOIA Ex. 6, 7c]**. **(Exhibits 1 & 2)**

On July 1, 2013, **[FOIA Redaction Ex. 6/7c]**, Assistant Special Agent in Charge (ASAC), DOL-OIG, Washington D.C. confirmed **[REDACTED, FOIA Ex. 6, 7c]** had been a Supervisory Contract Specialist at the level GS 14 level **(Exhibit 1)**. On May 15, 2014, **[FOIA Redaction Ex. 6/7c]**, Director of Human Resources, Employment and Training Administration (ETA), DOL, Washington, D. C., provided copies of **[REDACTED, FOIA Ex. 6, 7c]**, OGE Form 450, dated February 3, 2012 and February 13, 2013. **[REDACTED, FOIA Ex. 6, 7c]** had responded in the negative regarding reportable assets or sources of income for himself; reportable liabilities for himself; reportable outside positions for himself; and reportable agreements or arrangements for himself **(Exhibit 3)**.

On November 13, 2013, SA **[FOIA Redaction Ex. 6/7c]** Department of Education (DOE) OIG, Washington, D.C., advised the DOE Ethics Office informed her that **[REDACTED, FOIA Ex. 6, 7c]** was not required to file an OGE-450 while he was employed by DOE. However, Brown

advised as the owner of a business seeking government contracts, **[REDACTED, FOIA Ex. 6, 7c]** was required to complete an Outside Activity Request Form, which he did not do while employed at DOE. Subsequently, on August 4, 2014, **[FOIA Redaction Ex. 6/7c]** proved copies of three documents that were Standard Form 50, Notification of Personnel Action, during the time **[REDACTED, FOIA Ex. 6, 7c]** was employed at DOE. The documents disclosed **[REDACTED, FOIA Ex. 6, 7c]** was hired as a Contract Specialist with the Federal Student Aid, Business Procurement Division, effective March 29, 2010. **[REDACTED, FOIA Ex. 6, 7c]** was reassigned to the Mission Procurement Division effective July 4, 2010, and the termination of his appointment was effective October 9, 2010. **(Exhibits 1 & 4)**

Although the allegations were substantiated that **[REDACTED, FOIA Ex. 6, 7c]** obtained federal contracts while he was employed by the federal government, none of the agencies that **[REDACTED, FOIA Ex. 6, 7c]** had worked for as a government employee were interested in pursuing this matter.

Allegation 2 – [REDACTED, FOIA Ex. 6, 7c] failed to disclose he was a federal employee when applying for a SBA-guaranteed loan on behalf of GD through Sandy Springs Bank.

The investigation disclosed GD was approved on March 1, 2013, for a 75 percent SBA-guaranteed loan (#5973535007) through Sandy Spring Bank, Olney, MD, which was a revolving line of credit (LOC) in the amount of $750,000 **(Exhibit 5)**. A review of the loan documents revealed **[REDACTED, FOIA Ex. 6, 7c]** failed to disclose he was a federal government employee on any documents that he submitted to Sandy Spring Bank pertaining to his SBA-guaranteed loan **(Exhibits 6 & 7)**. **[FOIA Redaction Ex. 6/7c]**, Supervisory Loan Specialist, SBA, Little Rock Commercial Loan Servicing Center, Little Rock, AR, confirmed this loan had been paid in full on May 21, 2014 **(Exhibit 8)**

SUBJECTS

[REDACTED, FOIA Ex. 6, 7c], president, Global Dynamics, LLC; **[FOIA Redaction Ex. 6/7c]**DCIS conducted criminal history checks for **[REDACTED, FOIA Ex. 6, 7c]** which revealed no records **(Exhibit 1)**.

Global Dynamics, LLC; Columbia, MD

JUDICIAL/ADMINISTRATIVE ACTIONS

On July 23, 2014, **[FOIA Redaction Ex. 6/7c]**, Assistant U.S. Attorney, U.S. Attorney's Office, Baltimore, MD, declined prosecution of this matter, and concluded this matter would better be served through administrative remedies **(Exhibit 9)**.

On September 22, 2014, **[FOIA Redaction Ex. 6/7c]**, Attorney, SBA-OIG, Office of Counsel, Washington, D.C., provided the Suspension/Debarment Recommendation, dated September 22, 2014, signed by **[REDACTED, FOIA Ex. 6, 7c]**, Counsel to Inspector General; and **[REDACTED, FOIA Ex. 6, 7c]**, Assistant Inspector General of Investigations; both of SBA-

OIG, to **[REDACTED, FOIA Ex. 6, 7c]**, the SBA Debarment Official for Financial Assistance Programs. The recommendation proposed a three year period of debarment for **[REDACTED, FOIA Ex. 6, 7c]** and GD under provisions 2 CFR Parts 180 and 2700. The recommendation was based upon an investigation that revealed **[REDACTED, FOIA Ex. 6, 7c]** failed to disclose he was a federal employee when applying for a SBA-guaranteed loan on behalf of GD. Further, **[REDACTED, FOIA Ex. 6, 7c]** did not disclose ownership and employment by GD on two confidential financial disclosures (OGE 450's) while employed by the Department of Labor. **(Exhibit 10)**

On August 17, 2015, **[REDACTED, FOIA Ex. 6, 7c]**, SBA Debarring Official, Washington, D.C., proposed debarment of **[REDACTED, FOIA Ex. 6, 7c]** and GD under provisions 2 CFR Parts 180 and 2700 **(Exhibit 11)**.

On January 12, 2016, **[REDACTED, FOIA Ex. 6, 7c]** provided a copy a letter, dated November 5, 2015, to **[REDACTED, FOIA Ex. 6, 7c]** and GD from **[REDACTED, FOIA Ex. 6, 7c]** in which she decided not to pursue the debarments. **[REDACTED, FOIA Ex. 6, 7c]** concluded false statements had been made to SBA. However, **[REDACTED, FOIA Ex. 6, 7c]** cited mitigating factors including a cognitive disability **[REDACTED, FOIA Ex. 6, 7c]** had disclosed and the fact that he paid back the SBA-guaranteed loan as reasons she decided not to debar. **(Exhibit 12)**

DISPOSITION OF EVIDENCE

There were no original documents maintained in the SBA/OIG case file. Copies of pertinent records will be retained in the SBA/OIG case file to be destroyed at a later date in adherence with SBA policy.

STATUS

Case closed.

EXHIBITS

Exhibit #	Description
1	Case Initiation, dated January 15, 2014
2	MOA, dated March 12, 2014, of SA **[FOIA Redaction Ex. 6/7c]**of DCIS
3	MOA, dated May 15, 2014, of **[FOIA Redaction Ex. 6/7c]**of DOL
4	MOA, dated August 11, 2014, of SA **[FOIA Redaction Ex. 6/7c]**of DOE-OIG
5	MOA, dated March 5, 2014, of SBA loan search
6	MOA, dated March 19, 2014, of **[FOIA Redaction Ex. 6/7c]**of Sandy Spring Bank
7	MOA, dated July 15, 2014, of review of SBA loan file of Global Dynamics from Sandy Springs Bank
8	MOA, dated July 11, 2014, of **[FOIA Redaction Ex. 6/7c]**of SBA
9	Declination MOA, dated July 23, 2014, of AUSA **[FOIA Redaction Ex. 6/7c]**
10	MOA, dated September 22, 2014, of **[FOIA Redaction Ex. 6/7c]**of SBA-OIG, regarding suspension/debarment recommendation
11	MOA, dated September 3, 2015, of **[FOIA Redaction Ex. 6/7c]**of SBA-OIG providing Notice of Proposed Debarments, dated August 17, 2015, by Linda Rusche
12	MOA, dated January 12, 2016, of **[FOIA Redaction Ex. 6/7c]**of SBA-OIG providing letter, dated November 5, 2015, to **[REDACTED, FOIA Ex. 6, 7c]** and GD from Linda Rusche in which she decided not to pursue the debarments.

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, FOIA EX. 6/7C]
Approved by:	[REDACTED, FOIA EX. 6/7C]

PRELIMINARY CASE CLOSING MEMORANDUM

CASE#: E-CC-15-0006-P	**CASE AGENT:** [REDACTED, FOIA EX. 6/7C]
CASE TITLE: AMERICAN PATRIOT CONSTRUCTION	
DATE: June 2, 2016	

On October 3, 2014, Special Agent (SA) [REDACTED, FOIA Ex. 6/7c], U.S. Small Business Administration (SBA), Office of Inspector General (OIG), received a Qui-Tam (see SBA OIG case number E-CC-13-0313-P) that alleged that Island Mechanical Contractors, Inc., (IMC) and WW Gay Mechanical Contractor, Inc. (WW Gay) were suspected of creating and operating American Patriot Construction, Inc., (APC), a Service Disabled Veteran Owned Small Business Owned Business (SDVOSO) and Onyx Construction, Inc. (Onyx), an 8(a) Minority Woman Owned Business, solely to bid on federal contracts. All in violation of Major Fraud against the United States 18 USC 1031; False Statements, 18 USC 1001; and Wire Fraud 18 USC 1343. The Qui-Tam was declined when the U.S. Department of Justice declined to intervene.

The case was worked jointly with the U.S. Department of Veteran's Affairs (VA) OIG and the U.S. Attorney's Office (USAO) for the Middle District of Florida.

In summary, the criminal investigation did not substantiate the allegations and the USAO for the Middle District of Florida declined the case for [REDACTED, FOIA Ex. 5] Specifically, a review of VA records determined that the VA knew that there was a relationship between IMC, WW Gray, APC and Onyx and VA contracting officials still granted certifications, not once, but on numerous occasions.

It was also determined that SBA did not suffer any dollar loss and although Onyx certified as a minority-owned, woman-owned business, it was not an 8(a) certified company; instead, Onxy had been certified as a HubZone company and received one contract totaling $981,730.

On May 25, 2016, SA[REDACTED, FOIA Ex. 6/7c]spoke with Mr. [REDACTED, FOIA Ex. 6/7c] Assistant United States Attorney, Middle District of Florida regarding the alleged HubZone portion of the allegations against Onyx. AUSA [REDACTED, FOIA Ex. 6/7c] advised that he would not pursue criminal prosecution at this time due to low dollar threshold and previous lack of materiality involving the company.

The case will be closed with no further action.

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, FOIA EX. 6, 7(C)]
Approved by:	[REDACTED, FOIA EX. 6, 7(C)]

PRELIMINARY CASE CLOSING MEMORANDUM

CASE#: E-CC-15-0008-P	**CASE AGENT:** [REDACTED, FOIA EX. 6, 7(C)
CASE TITLE: SAND POINT SERVICES LLC	
DATE: July 19, 2016	

On October 6, 2014, Assistant Special Agent in Charge (ASAC) **[Redacted, FOIA Ex. 6, 7(c)],** Investigations Division, Office of Inspector General (OIG), U.S. Small Business Administration (SBA), Philadelphia, PA, was requested to join a joint investigation being conducted by SA **[Redacted, FOIA Ex. 6, 7(c)]** Defense Criminal Investigative Service (DCIS), Lester, PA, and SA [Redacted, FOIA Ex. 6, 7(c)], Air Force-Office of Special Investigations (AFOSI), Joint Base McGuire-Dix-Lakehurst (JB MDL), NJ, regarding Sand Point Services, LLC (SPS), 615 E. 82nd Avenue, Suite 200, Anchorage, AK, 99518, an Alaskan Native Corporation (ANC) 8(a) certified firm, based on a Department of Defense (DOD) Hotline Complaint. When interviewed, **[Redacted, FOIA Ex. 6, 7(c)]** had advised of potential SBA 8(a) violations. TDX Power is a subsidiary of Tanadgusix Corporation, also known as TDX, which is the parent ANC. (Attachment 1)

On March 13, 2015, SA **[REDACTED, FOIA EX. 6, 7(C)]**advised AUSA **[Redacted, FOIA Ex. 6, 7(c)]**U.S. Attorney's Office in Philadelphia, PA, had declined criminal prosecution of this matter on January 23, 2015. AUSA **[REDACTED, FOIA EX. 6, 7(C)]** advised the matter could be revisited depending on the evidence developed. (Attachment 2)

The investigation disclosed SPS became 8(a) certified in December 2009. The SBA 8(a) files were reviewed and interviews were conducted. Further, DCIS issued IG Subpoenas and analyzed the information. This case was transferred to SA **[REDACTED, FOIA EX. 6, 7(C)]** in September 2015. The evidence has not substantiated any clear SBA violations. Due to the lack of evidence supporting SBA violations, no further investigation is warranted at this time.

Attachments:

1. Case Initiation, dated October 16, 2014
2. MOA of **[Redacted, FOIA Ex. 6, 7(c)]**, dated March 13, 2015

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, FOIA EX. 6/7C]
Approved by:	[REDACTED, FOIA EX. 6/7C

PRELIMINARY CASE CLOSING MEMORANDUM

CASE#: E-CC-15-0020-P	**CASE AGENT:** [REDACTED, FOIA EX. 6/7C
CASE TITLE: [REDACTED, FOIA EX. 6/7C	
DATE: January 15, 2016	

This case was initiated upon a request by SA [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, U.S. Army Criminal Investigative Service, Procurement Fraud Division, Atlanta, GA for SBA/OIG to join an investigation involving 8a contracting fraud in South Georgia. SA [redacted] **[REDACTED, FOIA Ex. 6, 7c]** advised he had received preliminary evidence that certain SBA certified 8a companies were not completing their required percentage of work on federally awarded contracts in south Georgia and were essentially serving as pass-through entities for other non-qualified businesses.

Investigation confirmed that Dayenesi, Inc., a Tennessee based 8a electrical and construction firm, had a relationship with [redacted] **[REDACTED, FOIA Ex. 6, 7c]** of Anubis, Inc., until sometime in 2011. Dayenesi, gave [redacted] **[REDACTED, FOIA Ex. 6, 7c]** 49% of all profits from work he obtained on behalf of Dayenesi. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** on behalf of Dayenesi, would subcontract the work to Aiken Electrical who would perform all work and supervision. The contracts were all in and around the 165th Reserve Air Base, Savannah, Georgia.

Investigation confirmed that FLW Incorporated, a Kentucky based 8a construction firm, had a relationship with Holland and Holland, Inc., a Georgia based construction firm and graduated 8a Company. FLW Incorporated obtained 8a contracts in and around the 165th Reserve Air Base, Savannah, Georgia and allow Holland and Holland, Inc. to perform all work and supervision.

Investigation also found however that U.S. Army personnel were aware of the arrangements and encouraged them. The contract engineers in the 165th Reserve Air Base, who were responsible for the government projects, had relationships with the local non-8a companies and trusted their work. They utilized the ability to award sole source 8a contracts to ensure a successful and timely conclusion to important projects by awarding the contracts to 8a companies they knew were passing the work through to entities they trusted. They were aware the 8a companies would not conduct the required percentage of work or supervision. The contracting officer

responsible for awarding the contracts allowed the civil engineers to dictate who he was to award the contract to and did not follow proper procedures or documentation in awarding the 8a contracts.

The case was worked in conjunction with Assistant United States Attorney (AUSA) [redacted] **[REDACTED, FOIA Ex. 6, 7c],** Northern District of Georgia. AUSA [redacted] **[REDACTED, FOIA Ex. 6, 7c]** declined prosecution on the case [redacted] **[FOIA Ex. 5]**

The contracting officer has retired in lieu of administrative action. Administrative action on the civil engineers is also pending.

Potential debarment of the involved companies was discussed with SBAOIG counsel. Essentially, the case lacks the evidentiary elements necessary to pursue debarment. Current evidence includes declarative statements made by several witnesses. [redacted] **[FOIA Ex. 5]** The reporting agent will notify the SBA 8a program of the results of this investigation.

This case is closed.

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, FOIA Ex. 6, 7c]
Approved by:	[REDACTED, FOIA EX. 6, 7C]

PRELIMINARY CASE CLOSING MEMORANDUM

CASE#: E-CC-15-0139-P	**CASE AGENT:** [REDACTED, FOIA EX. 6, 7C]
CASE TITLE: DEPARTMENT OF LABOR CONTRACTS	
DATE: June 20, 2016	

On March 18, 2015, **[REDACTED, FOIA Ex. 6, 7c]** Washington District Office, U.S. Small Business Administration (SBA), forwarded an email to the reporting agent that she received from **[REDACTED, FOIA Ex. 6, 7c]**, **[REDACTED, FOIA Ex. 6, 7c]**'s email advised that **[REDACTED, FOIA Ex. 6, 7c]**, doing business as MJ Solutions One, LLC, Inc. [sic], offered to obtain sole-sourced 8(a) contracts for **[REDACTED, FOIA Ex. 6, 7c]** firm from the U.S. Department of Labor (DOL) in return for five percent of the total contract award.

On March 31, 2015, Special Agent **[REDACTED, FOIA Ex. 6, 7c]**, Office of Inspector General, DOL, and the reporting agent interviewed **[REDACTED, FOIA Ex. 6, 7c]**

[REDACTED, FOIA Ex. 6, 7c] said that in mid-January 2015, he was contacted by an individual named **[REDACTED, FOIA Ex. 6, 7c]. [REDACTED, FOIA Ex. 6, 7c]**that he knew someone who was looking at opportunities at the DOL for 8(a) businesses. **[REDACTED, FOIA Ex. 6, 7c]** introduced **[REDACTED, FOIA Ex. 6, 7c]**. **[REDACTED, FOIA Ex. 6, 7c]** met with **[REDACTED, FOIA Ex. 6, 7c]**, who told **[REDACTED, FOIA Ex. 6, 7c]** that he could introduce **[REDACTED, FOIA Ex. 6, 7c]** to **[REDACTED, FOIA Ex. 6, 7c]**, who was identified as an individual at DOL that could set up work on Job Corps contracts. Hornsby later faxed **[REDACTED, FOIA Ex. 6, 7c]** an "Independent Contractor Agreement", which called for **[REDACTED, FOIA Ex. 6, 7c]**to receive five percent of the total contract value for any contract **[REDACTED, FOIA Ex. 6, 7c]** received. In a second meeting, **[REDACTED, FOIA Ex. 6, 7c]** he would set up a meeting with **[REDACTED, FOIA Ex. 6, 7c]**, a contracting official at DOL, if **[REDACTED, FOIA Ex. 6, 7c]** signed the agreement. **[REDACTED, FOIA Ex. 6, 7c]** did not sign the agreement.

On April 30, 2015, **[REDACTED, FOIA Ex. 6, 7c]**and the reporting agent met with Assistant U.S. Attorney (AUSA) **[REDACTED, FOIA Ex. 6, 7c]**. The case agents and AUSA **[REDACTED, FOIA Ex. 6, 7c]** decided to have **[REDACTED, FOIA Ex. 6, 7c]** attempt to **[REDACTED, FOIA Ex. 6, 7c, 7e]**with **[REDACTED, FOIA Ex. 6, 7c]**.

On May 15, 2015, **[REDACTED, FOIA Ex. 6, 7c]**met with the case agents at the DOL-OIG office. **[REDACTED, FOIA Ex. 6, 7c]** left **[REDACTED, FOIA Ex. 6, 7c]** a voice mail requesting**[REDACTED, FOIA Ex. 6, 7c]**call **[REDACTED, FOIA Ex. 6, 7c]** back. **[REDACTED, FOIA Ex. 6, 7c]** subsequently made additional calls over the next few months but was unable to reach **[REDACTED, FOIA Ex. 6, 7c]** or get him to return his calls.

In March and April of 2016, the case agents made efforts to find and interview **[REDACTED, FOIA Ex. 6, 7c]**. The case agents went to **[REDACTED, FOIA Ex. 6, 7c]**'s last two local addresses on several occasions and contacted his ex-wife by telephone. The case agents also called all telephone numbers associated with **[REDACTED, FOIA Ex. 6, 7c]** The efforts to find **[REDACTED, FOIA Ex. 6, 7c]** were unsuccessful. The case agents also sought to find and interview the individual who reportedly introduced **[REDACTED, FOIA Ex. 6, 7c]** to **[REDACTED, FOIA Ex. 6, 7c]**, **[REDACTED, FOIA Ex. 6, 7c]**, but were unable to locate him at his last known local address.

On June 17, 2016, the case agents interviewed DOL employee **[REDACTED, FOIA Ex. 6, 7c]**. SA **[REDACTED, FOIA Ex. 6, 7c]** identified **[REDACTED, FOIA Ex. 6, 7c]**as the most likely DOL employee to be the **[REDACTED, FOIA Ex. 6, 7c]** that **[REDACTED, FOIA Ex. 6, 7c]** referenced to **[REDACTED, FOIA Ex. 6, 7c]**. **[REDACTED, FOIA Ex. 6, 7c]**had learned that **[REDACTED, FOIA Ex. 6, 7c]** had previously registered for a DOL webinar run by **[REDACTED, FOIA Ex. 6, 7c]**said that she did not know **[REDACTED, FOIA Ex. 6, 7c]** and has no authority to evaluate or award DOL contracts.

On June 21, 2016, **[REDACTED, FOIA Ex. 6, 7c]**and the reporting agent provided a verbal and written summary of the matter to Assistant U.S. Attorney **[REDACTED, FOIA Ex. 6, 7c]**, U.S. Attorney's Office for the District of Columbia. The case was presented to AUSA **[REDACTED, FOIA Ex. 6, 7c]** because AUSA **[REDACTED, FOIA Ex. 6, 7c]**left the USAO-DC. On June 22, 2016, AUSA **[REDACTED, FOIA Ex. 6, 7c]**declined the case for criminal prosecution.

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, FOIA Ex. 6, 7c]
Approved by:	[REDACTED, FOIA EX. 6, 7C]

REPORT OF INVESTIGATION

CASE#: E-IA-15-0224-I	**DATE OF REPORT:** August 21, 2015
CASE TITLE: [REDACTED, FOIA EX. 6, 7C]	
PERIOD OF INVESTIGATION: June 3, 2015 **TO** August 18, 2015	
CASE AGENT: REDACTED, EX. 6, 7C	
DISTRIBUTION: AIGA	

SUMMARY

The reporting agent (RA), SA [redacted] **[REDACTED, FOIA Ex. 6, 7c]** initiated this investigation based upon a referral received on June 3, 2015 **(Exhibit 1)**, from [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, Counsel to the Small Business Administration (SBA) Inspector General. The referral advised that [redacted] **[REDACTED, FOIA Ex. 6, 7c]** Senior Management Program Analyst, Audit Division, Business Programs Group, SBA OIG, Washington, DC had submitted a Request for Conflict of Interest Evaluation of Outside Employment/Activities form seeking permission to teach a web-based course in the evenings during the summer of 2015 at Columbia University. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** had also disclosed in his request that he was currently involved in an audit of the New York State Small Business Development Company (NYSBDC) in Albany, NY that was the lead recipient of Sandy disaster funds from the SBA. A Columbia University SBDC was a sub-recipient of the funds. Although Columbia's contractual relationship was with the Albany SBDC, not the SBA, it was determined by [redacted] **[REDACTED, FOIA Ex. 6, 7c]**'s chain of command that [redacted] **[REDACTED, FOIA Ex. 6, 7c]**'s pursuit of a teaching job at Columbia was in fact a conflict of interest. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** was also concerned that [redacted] **[REDACTED, FOIA Ex. 6, 7c]** may not have disclosed any related agreement with Columbia University on his 2014 OGE 450, Financial Disclosure Form, (OGE 450) and requested that the Investigations Division determine when [redacted] **[REDACTED, FOIA Ex. 6, 7c]** first inquired about, or was offered, the job. The RA investigated this case for possible violations of Title 18 USC 208, acts affecting a personal financial interest; and Title 18 USC 1001, false statements. The investigation did not disclose the existence of any employment agreements between Columbia University and [redacted] **[REDACTED, FOIA Ex. 6, 7c]**. The investigation did not disclose any instances of direct involvement by [redacted] **[REDACTED, FOIA Ex. 6, 7c]** with the Columbia

University web-based class project. The investigation disclosed that [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** first inquired with Columbia University about the web-based class project on approximately March 28, 2015. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** was interviewed about this matter and advised he decided to volunteer his services out of loyalty to Columbia University as an alumnus. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** did not believe his possible role at Columbia University would have caused a conflict of interest.

DETAILS

On April 6, 2015, [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** sent an email to [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** in which [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** inquired as to whether he had to submit to the vetting process for potential conflicts of interest if he were to teach a pro bono class. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** advised [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** that teaching is an area that is addressed by the Office of Government Ethics regulations. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** attached an outside activity review form in his response to [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]. (Exhibit 1)**

[REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** submitted to his supervisor, [REDACTED] [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]**, Audit Manager, Audit Division, Business Development Program Group, SBA OIG, Washington D.C., his Request for Conflict of Interest Evaluation of Outside Employment/Activities, dated April 23, 2015. On the form, [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** stated that he would be employed as a course facilitator at Columbia University in the evenings during July & August of 2015, and that he would be compensated. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** also disclosed his involvement in the NYSBDC audit in which Columbia University SBDC was a sub-recipient of the funds. In addition, [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** provided [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** with an Independence Self-Assessment-GAGAS Conceptual Framework as a Columbia University Facilitator, dated May 12, 2015, which her office had requested. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** determined a possible conflict could exist with a teaching obligation at Columbia University, but it was not significant. **(Exhibit 1)**

On May 18, 2015, [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** prepared a document entitled "Evaluation of a Threat to the Independence of [REDACTED] [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]**...On Current and Future Audits Involving Columbia University." In the document, [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** stated that the audit involving the NYSBDC began in July of 2014, with field work ending in February of 2015. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** indicated that in January 2015, [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** approached [REDACTED] [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]**, Director, Columbia University, about the teaching job. At that time, [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** was also assigned as the auditor in-charge of the NYSBDC audit. **(Exhibit 1)**

On June 2, 2015, [REDACTED] [REDACTED, FOIA Ex. 6, 7c] referred this matter to [REDACTED] [REDACTED, FOIA Ex. 6, 7c]. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated that although her office identified potential threats to [REDACTED] [REDACTED, FOIA Ex. 6, 7c]'s independence, her office had identified safeguards that either eliminated the threats or reduced them to an acceptable level. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] forwarded this matter to [REDACTED] [REDACTED, FOIA Ex. 6, 7c], Acting Special Agent In Charge, Eastern Regional Office, SBA OIG, Washington D.C. **(Exhibit 1)**

On June 8, 2015, the RA interviewed [REDACTED] [REDACTED, FOIA Ex. 6, 7c], Academic Director, Information and Knowledge Strategy Program, Columbia University. [REDACTED] stated that she did not recall a specific instance in January 2015 where [REDACTED] [REDACTED, FOIA Ex. 6, 7c] approached her about a teaching job. She stated that she had general discussions in 2014 with [REDACTED] [REDACTED, FOIA Ex. 6, 7c] about his future, as she does with all of her students, and they spoke about [REDACTED] [REDACTED, FOIA Ex. 6, 7c] teaching someday. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated that when [REDACTED] [REDACTED, FOIA Ex. 6, 7c] did in fact contact her about teaching a course, she referred [REDACTED] [REDACTED, FOIA Ex. 6, 7c] to Professor [REDACTED] [REDACTED, FOIA Ex. 6, 7c]. However, by the time [REDACTED] [REDACTED, FOIA Ex. 6, 7c] contacted him the course scheduled to be taught in the summer of 2015 already had two facilitators. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated that [REDACTED] [REDACTED, FOIA Ex. 6, 7c] offered to volunteer in any way to help [REDACTED] [REDACTED, FOIA Ex. 6, 7c] with the course. **(Exhibit 2)**

On June 9, 2015, the RA interviewed [REDACTED] [REDACTED, FOIA Ex. 6, 7c] Professor, Information and Knowledge Strategy Program, Columbia University. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated that [REDACTED] [REDACTED, FOIA Ex. 6, 7c] is a volunteer assistant for a course [REDACTED] [REDACTED, FOIA Ex. 6, 7c] will be teaching in the summer of 2015, called Knowledge Driven Digital Product Innovation. The course was developed by [REDACTED] [REDACTED, FOIA Ex. 6, 7c] and [REDACTED] [REDACTED, FOIA Ex. 6, 7c] and in January 2015 the two of them began working on a course proposal. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated around March 2015, he was told by [REDACTED] [REDACTED, FOIA Ex. 6, 7c] that [REDACTED] [REDACTED, FOIA Ex. 6, 7c] was interested in being a course facilitator. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] explained to [REDACTED] [REDACTED, FOIA Ex. 6, 7c] when [REDACTED] [REDACTED, FOIA Ex. 6, 7c] contacted him that [REDACTED] [REDACTED, FOIA Ex. 6, 7c] already had two facilitators for the course, but [REDACTED] [REDACTED, FOIA Ex. 6, 7c] offered to volunteer anyway. Further, [REDACTED] [REDACTED, FOIA Ex. 6, 7c] advised that neither salary nor compensation was discussed with [REDACTED] [REDACTED, FOIA Ex. 6, 7c], and that there were no agreements executed. **(Exhibit 3)**

The RA obtained from both [REDACTED] [REDACTED, FOIA Ex. 6, 7c] and [REDACTED] [REDACTED, FOIA Ex. 6, 7c] copies of their email correspondence with [REDACTED] [REDACTED, FOIA Ex. 6, 7c] regarding the course. The RA determined [REDACTED] [REDACTED, FOIA Ex. 6, 7c] first

emailed [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** on March 28, 2015, asking [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** if she would be interested in offering a small business planning course for her students. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** responded that they were now offering a course that included elements of start-up planning and she referred [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** to [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]**. Subsequently, [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** emailed [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** on March 30, 2015, advising [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** that he was interested in assisting [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** with the class in any way [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** saw fit. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** was receptive to [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]**'s offer of voluntary assistance. **(Exhibits 4 & 5)**

Troy Meyer, Assistant Inspector General for Auditing (AIGA), SBA OIG, Washington D.C., denied [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]**'s request to work as a facilitator for the course at Columbia University due to concerns about a potential conflict of interest. In a memo, dated June 5, 2015, Meyer expressed concerns to [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** that he may have entered into employment negotiations with Columbia University while being assigned to the audit. **(Exhibit 6)**

On June 11, 2015, [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** addressed Meyer in a memorandum hoping to clarify any misunderstandings and inaccurate information resulting from his request for outside employment. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** indicated that his proposed outside work at Columbia University had no relationship to the Columbia University SBDC. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** stated that he did not enter into any employment negotiations with Columbia University. Further, [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** notified Meyer that he was withdrawing his request for outside employment. **(Exhibit 7)**

[REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** was interviewed on June 17, 2015, by [REDACTED], **[REDACTED, FOIA Ex. 6, 7c]** both of the Investigations Division, SBA OIG, Washington D.C. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** confirmed that he worked on the audit of the NYSBDC from July 2014 through January 2015. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** stated that he found the SBDC was inaccurately reporting customer data and determined that the SBA needed a new system to track these statistics. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** stated that Columbia University did not factor into the audit at all and that he did not afford Columbia University any preferential treatment. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** advised that he was a student at Columbia from August 2013 through December 2014, and that his managers knew this fact when he was assigned to the NYSBDC audit. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** stated that he first contacted [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** and [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** of Columbia University in late March 2015 about teaching a course. The type of course [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** had in mind was already in place and there were no paid positions available. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** decided

to volunteer his services out of loyalty to Columbia University. In April 2015, [redacted] **[REDACTED, FOIA Ex. 6, 7c]** submitted a request for review of a potential conflict of interest to the SBA OIG. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** explained that he tried to do the right thing in reporting his desire to teach at Columbia University and that he really did not know how the process worked. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** stated that in his opinion his possible role at Columbia University would not have caused a conflict of interest. **(Exhibit 8)**

The RA obtained copies of [redacted] **[REDACTED, FOIA Ex. 6, 7c]**'s OGE 450 for 2013 and 2014 from [redacted] **[REDACTED, FOIA Ex. 6, 7c]**. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** stated on the OGE 450 for 2013, dated July 2, 2014, that he did not have any reportable agreements or arrangements. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** did report that he held outside positions. Specifically, [redacted] **[REDACTED, FOIA Ex. 6, 7c]** disclosed that he was the owner of [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, both service businesses located in Salem, VA. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** stated on the OGE 450 for 2014, dated February 11, 2015, that he did not have any reportable agreements or arrangements. Further, [redacted] **[REDACTED, FOIA Ex. 6, 7c]** stated that he did not have any reportable outside positions. **(Exhibit 9)**

SUBJECTS

[redacted] **[REDACTED, FOIA Ex. 6, 7c]**, Senior Management Program Analyst, Business Programs Group, Audit Division, SBA OIG, Washington D.C.

JUDICIAL/ADMINISTRATIVE ACTIONS

This matter is being referred to AIGA Troy Meyer for any action he deems appropriate.

DISPOSITION OF EVIDENCE

None.

STATUS

Closed.

EXHIBITS

Exhibit #	**Description**
1	Referral emails and documents provided on June 3, 2015
2	MOI of [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, dated June 8, 2015
3	MOI of [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, dated June 9, 2015
4	MOA of [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, dated June 10, 2015
5	MOA of [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, dated June 10, 2015
6	Memo from Troy Meyer to [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, dated June 5, 2015
7	Memo from [redacted] **[REDACTED, FOIA Ex. 6, 7c]** to Troy Meyer, dated June 11, 2015
8	MOI of [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, dated June 17, 2015
9	MOA of review of [redacted] **[REDACTED, FOIA Ex. 6, 7c]** OGE 450's, dated August 18, 2015

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by: [REDACTED, FOIA EX. 6, 7(C)]
Approved by: [REDACTED, FOIA EX. 6, 7(C)]

PRELIMINARY CASE CLOSING MEMORANDUM

CASE#: E-IA-15-0247-P	**CASE AGENT:** [REDACTED, FOIA EX. 6, 7(C)]
CASE TITLE: [REDACTED, FOIA EX. 6, 7(C)]	
DATE: February 9, 2016	

This case was initiated on August 5, 2015 upon receipt of a request from AIGI Mark Hines to initiate an investigation into possible violations of 18 USC 208, Acts Affecting a Personal Financial Interest by former **[REDACTED, FOIA EX. 6, 7(C)]. [REDACTED, FOIA EX. 6, 7(C)]** notified the agency on May 27, 2015 via Notification of Post-Employment Negotiation or Agreement and Recusal Statement, that he was negotiating employment with AIG, Live Oak Bank, Waterfall, Elliott, and Government Loan Solutions: all Non-Federal entities. An email from **[REDACTED, FOIA EX. 6, 7(C)]**, SBA Attorney and Advisor to Robert Gangwere, SBA Ethics Official, essentially notes that **[REDACTED, FOIA EX. 6, 7(C)]** met with **[REDACTED, FOIA EX. 6, 7(C)]** on May 27, 2015 to discuss the recusal requirements because of a planned June 23, 2015 meeting with those entities. The short time frame between **[REDACTED, FOIA EX. 6, 7(C)]**notification to SBA and the actual meeting may indicate possible negotiations that predate the recusal notification. The official Recusal Obligation Memorandum was issued by Gangwere on July 9, 2015. Such negotiations may violate 18 USC 208.

On August 5, 2015, the reporting agent contacted SBA's Office of the Chief Information Officer and requested all email traffic involving **[REDACTED, FOIA EX. 6, 7(C)]** from January 2015 through August 5, 2015. The requested records were received on August 26, 2015.

On August 26, 2015, the reporting agent requested SBA/OIG Investigative Analyst, **[REDACTED, FOIA EX. 6, 7(C)]**, conduct an analysis of **[REDACTED, FOIA EX. 6, 7(C)]** SBA email records to determine the following:

> Did **[REDACTED, FOIA EX. 6, 7(C)]** have any contact with AIG, Live Oak Bank, Waterfall, Elliott, or Government Loan Solutions regarding employment opportunities prior to May 27, 2015?

Did **[REDACTED, FOIA EX. 6, 7(C)]**participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interest of any of the above listed institutions after May 27, 2015?

Did **[REDACTED, FOIA EX. 6, 7(C)]** participate in any "SBA-One" issue after July 9, 2015 as it relates to Capital Access Programs and operations, including any pending contracts and scheduled outreach presentations, including, but not limited to the planned demonstration at the Field Management Conference in Salt Lake City, and any lender conferences and meetings?

Did **[REDACTED, FOIA EX. 6, 7(C)]** participate in LINC decisions including the REI contract, or comment on the proposed changes to the Agency's Affiliation rules after July 9, 2015?

[REDACTED, FOIA EX. 6, 7(C)] responded on October 5, 2015 that email analysis failed to identify any inappropriate communication based on the above criteria.

Based on the lack of any evidence indicating **[REDACTED, FOIA EX. 6, 7(C)]** may have negotiated with any of the listed companies before recusing himself with SBA or that he violated his recusal obligations after that notification, no further investigation is warranted and this case is closed.

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, FOIA EX. 6, 7C]
Approved by:	[REDACTED, FOIA EX. 6, 7C]

REPORT OF INVESTIGATION

CASE#: E-OT-12-0108-I	**DATE OF REPORT:** January 26, 2015
CASE TITLE: THE EMPEROR ORGANIZATION	
PERIOD OF INVESTIGATION: February 8, 2012 **TO** January 26, 2015	
CASE AGENT: [REDACTED, FOIA EX. 6, 7C]	
DISTRIBUTION:	

Summary

Reference is made to the Prosecution ROI in this case dated February 4, 2013.

Subjects

[redacted]

[REDACTED, FOIA Ex. 6, 7c]

Legal Action

On July 10, 2013, Alix Taylor was indicted in the Northern District of Florida on five counts of Wire Fraud (18 USC 1343), one count of Theft or Bribery concerning programs receiving Federal Funds (18 USC 666), and one count of Aggravated Identity Theft (18 USC 1028A).

On July 10, 2013, prosecution was declined on [redacted] **[REDACTED, FOIA Ex. 6, 7c]**.

On January 9, 2014, Alix Taylor pled guilty in the Northern District of Florida to two counts of Wire Fraud and one count of Aggravated Identity Theft.

On November 14, 2014, Alix Taylor was sentenced in the Northern District of Florida to 18 months incarceration, 36 months probation, and $600 special assessment.

On January 23, 2015, Alix Taylor was ordered to pay SBA $336,914.65 in restitution.

Disposition of Evidence

All evidence will be destroyed.

Case Status

This case is closed.

EXHIBITS

Exhibit	Description
1	Indictment SAR
2	Plea SAR
3	Sentencing SAR
4	Restitution Order SAR

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[FOIA REDACTION, 6, 7C]
Approved by:	[FOIA REDACTION, 6, 7C]

PRELIMINARY CASE CLOSING MEMORANDUM

CASE#: E-IA-14-0024-P	**CASE AGENT:** [FOIA REDACTION, 6, 7C]
CASE TITLE: FTA CONTRACT INVESTIGATION	
DATE: February 1, 2016	

On October 14, 2013, **[FOIA REDACTION, 6, 7c]**, former Counsel to the Inspector General and **[FOIA REDACTION, 6, 7c]**, former Chief Inspector for Investigations Division, Small Business Administration (SBA), Office of Inspector General (OIG) met with an SBA employee/contractor who alleged that **[FOIA REDACTION, 6, 7c]**, former Deputy Associate Administrator, Office of Capital Access tried to influence and steer the SBA Fiscal Transfer Agent (FTA) contract for the 7(a) program to a favored company. Specifically, **[FOIA REDACTION, 6, 7c]** allegedly attempted to influence the technical evaluation team to rate Live Oak Bank (Live Oak) and its partner contractor (not further identified) higher in order to be selected for the award because **[FOIA REDACTION, 6, 7c]** maintained a personal relationship with Live Oak employees.

On November 9, 2015, the case was reassigned to Special Agent (SA) **[FOIA REDACTION, 6, 7c]**
In summary, the investigation did not substantiate the allegations and the United States Attorney's Office for the District of Columbia (USAO for DC) declined to intervene.

There was no evidence to suggest that **[FOIA REDACTION, 6, 7c]** had any influence over the award of the FTA contract. The FTA contract was not awarded to Live Oak or any known partner companies of Live Oak. **[FOIA REDACTION, 6, 7c]** is no longer employed by the SBA.

DETAILS

On June 5, 2014, **[FOIA REDACTION, 6, 7c]**, former Assistant Inspector General for Investigations and **[FOIA REDACTION, 6, 7c]**, former Chief Inspector for Investigations Division, SBA OIG interviewed **[FOIA REDACTION, 6, 7c]**

[FOIA REDACTION, 6, 7c] stated he was not an advisor to the technical evaluation panel reviewing bids for the FTA procurement; instead, he reviewed the bids to determine if the responses to the statement of work (SOW) were responsive. **[FOIA REDACTION, 6, 7c]** stated he signed a non-disclosure agreement in August or September 2013, prior to reviewing the FTA contract proposals.

[FOIA REDACTION, 6, 7c] confirmed that his former supervisor at SBA is an employee of Live Oak; however, his former supervisor is not involved with the software application side at Live Oak. **[FOIA REDACTION, 6, 7c]** stated he did not have any contact with any Live Oak representative after he signed the non-disclosure agreement. He did have discussion with Live Oak prior to signing the non-disclosure agreement.
[FOIA REDACTION, 6, 7c] confirmed that in or around November 2012, he traveled to North Carolina for a job interview with Live Oak. Live Oak made him a job offer but his wife was not willing to move.
[FOIA REDACTION, 6, 7c]stated his trip and related job offer with Live Oak occurred well before the FTA procurement.

[REDACTED, FOIA Ex. 6, 7c] could not recall sending an email dated, May 30, 2013, containing confidential information on bids received for the FTA contract to his personal computer. **[FOIA REDACTION, 6, 7c]** did not believe he sent the email to anyone. **[FOIA REDACTION, 6, 7c]** stated he was fairly confident he did not send the email to Live Oak or any other vendor.

[FOIA REDACTION, 6, 7c] consented to a search of his email at **[FOIA REDACTION, 6, 7c]**

Between June 10, 2014 and September 2, 2015, the SBA OIG made numerous efforts to retrieve emails for **[FOIA REDACTION, 6, 7c]** from Microsoft using the consent to search. During the last request, Microsoft stated the information provided to Microsoft was incomplete or does not match registration data on the account. Microsoft policy prohibits the disclosure of the account discrepancy.

On November 10, 2015, SA **[FOIA REDACTION, 6, 7c]** coordinated this case with Mr. **[FOIA REDACTION, 6, 7c]**, Assistant United States Attorney, (USAO for DC). AUSA **[FOIA REDACTION, 6, 7c]**advised the allegations and information would be what the USAO for DC considers "stale," given the amount of time that has passed since the initial allegations. Additionally, AUSA **[FOIA REDACTION, 6, 7c]** advised that probable cause for a search warrant would be weak given the fact that there is no proof that **[FOIA REDACTION, 6, 7c]** forwarding an email from work to home actually influenced the award of the FTA contract. AUSA **[FOIA REDACTION, 6, 7c]** declined to intervene.

On February 1, 2016, SA **[FOIA REDACTION, 6, 7c]** telephonically contacted Mr. **[FOIA REDACTION, 6, 7c]**Director, Office of Performance and Systems Management, Office of Capital Access. **[FOIA REDACTION, 6, 7c]** advised that the FTA contract was awarded to the incumbent contractor, Colson Services Corporation (Colson) a partner of Bank of New York.

[FOIA REDACTION, 6, 7c] advised Live Oak was never considered for the contract. Kucharski agreed to provide SA **[FOIA REDACTION, 6, 7c]** a copy of the contract file.

On February 2, 2016, SA **[FOIA REDACTION, 6, 7c]**received an email from **[FOIA REDACTION, 6, 7c]**containing electronic copies of contract #SBAHQ-14-C-0004.

On February 3, 2016, SA **[FOIA REDACTION, 6, 7c]** reviewed contract # SBAHQ-14-C-0004. The review revealed the following information:

The contract was awarded on January 23, 2014 to Colson Services Corporation, 101 Barclay Street, New York, NY 10007. The contract was for FTA Services, 7(a) Loan Program. The contract was awarded for a base year at $3,153,500 and four option years for the same amount. The base years extend the contract until January 31, 2019. There is no mention of Live Oak in the contract file.

The case will be closed with no further action.

EXHIBITS

Exhibit #	Description
1	Text Message from telephone number [redacted]'s **[REDACTED, FOIA Ex. 6, 7c]** cell phone, to [redacted] **[REDACTED, FOIA Ex. 6, 7c]**
2	Emails between [redacted] **[REDACTED, FOIA Ex. 6, 7c]** and [redacted] **[REDACTED, FOIA Ex. 6, 7c]** dated July 21, 2014 through July 22, 2014
3	MOI of [redacted] **[REDACTED, FOIA Ex. 6, 7c]** dated October 8, 2014
4	MOI of **[REDACTED, FOIA Ex. 6, 7c]** dated July 29, 2015
5	Department of Interior – Office of Inspector General MOI of [redacted] **[REDACTED, FOIA Ex. 6, 7c]** dated October 7, 2015

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by: [redacted] [REDACTED, FOIA Ex. 6, 7c]
Approved by: [REDACTED, FOIA EX. 6, 7C]

REPORT OF INVESTIGATION

CASE#: E-IA-14-0292-I	**DATE OF REPORT:** November 6, 2015
CASE TITLE: [REDACTED, FOIA Ex. 6, 7c]	
PERIOD OF INVESTIGATION: August 6, 2014 **TO** November 6, 2015	
CASE AGENT: [REDACTED, FOIA EX. 6, 7C]	
DISTRIBUTION:	

SUMMARY

[redacted] **[REDACTED, FOIA Ex. 6, 7c],** Information Technology Specialist, Infrastructure Operations Branch, Office of the Chief Information Officer, U.S. Small Business Administration, was alleged to have sought a kickback from FWG Solutions, Inc., an 8(a) certified business, in return for his assistance in helping FWG obtain two SBA contracts. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** was subsequently terminated from SBA. The case was declined for criminal prosecution because [redacted] **[REDACTED, FOIA Ex. 6, 7c]** was terminated and never received any payment.

DETAILS

On August 6, 2014, Special Agent [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, Office of Inspector General (OIG), United States Small Business Administration (SBA), received an administrative referral concerning SBA employee [redacted] **[REDACTED, FOIA Ex. 6, 7c]**. At the time of the referral [redacted] **[REDACTED, FOIA Ex. 6, 7c]** was an Information Technology Specialist in the Infrastructure Operations Branch of SBA's Office of the Chief Information Officer.

The referral alleged that [redacted] **[REDACTED, FOIA Ex. 6, 7c]** may have sought an improper relationship with a small business. The small business, FWG Solutions, is an 8(a) and HUBZone business. The president of FWG is [redacted] **[REDACTED, FOIA Ex. 6, 7c].**

Special Agent [redacted] **[REDACTED, FOIA Ex. 6, 7c]** received a copy of a text message from [redacted] **[REDACTED, FOIA Ex. 6, 7c]** to **[REDACTED, FOIA Ex. 6, 7c]** dated between July 21, 2014 & July 22, 2014, in which it appears [redacted] **[REDACTED, FOIA Ex. 6, 7c]** is

seeking a ten percent payment in return for assisting FWG in obtaining two SBA contracts. **(Attachment #1)**

After becoming aware of this potentially illegal and/or unethical behavior, the matter was referred to the SBA-OIG by [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, attorney, Office of General Counsel, SBA.

On or around July 21, 2014, [redacted] **[REDACTED, FOIA Ex. 6, 7c]** sent Katabana a text message from [redacted] **[REDACTED, FOIA Ex. 6, 7c]**'s personal cell phone that read "Moving forward with both opportunities ((Thinking positively)) I am seeking 10% of what's awarded. And the same with other opportunities. I have an IT consulting company for the 10% to go towards. If you're in agreement with this let me know. Small contract will be upfront payment and big contract will be paid out with your allotted payment schedule from the contract. I will be pushing your name extremely hard to make this work."

This text prompted an email response to [redacted] **[REDACTED, FOIA Ex. 6, 7c]** from Katabana dated July 21, 2014. **(Attachment #2)** Katabana wrote that FWG was not interested in having [redacted] **[REDACTED, FOIA Ex. 6, 7c]** push its name in exchange for 10% of the contract award. Katabana referred to the request for 10% as a kickback.

On October 8, 2014, [redacted] **[REDACTED, FOIA Ex. 6, 7c]** was interviewed by SBA-OIG agents. **(Attachment #3)** [redacted] **[REDACTED, FOIA Ex. 6, 7c]** was provided with Garrity warnings and periodically advised of the consequences of making false statements to federal investigators. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** said that he was introduced to Katabana by [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, an SBA contractor. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** said that he met Katabana at a TGI Friday's in June or July of 2014. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** stated Katabana wanted him [redacted] **[REDACTED, FOIA Ex. 6, 7c]** to put him in contact with the Chief Information Officer (CIO) and/or the Chief Technology Officer (CTO) at SBA. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** stated he told Katabana he did not know the CIO or CTO, because they were new to SBA. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** said he offered to introduce Katabana to an employee at the Department of Interior about a Citrix contract.

[redacted] **[REDACTED, FOIA Ex. 6, 7c]** stated he started his own business, Swagger Media Group, and wanted to learn the process of government contracting. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** stated he wanted to have his own small business and be like Katabana. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** stated he wanted to work with Katabana to build up past performance for his company, because he "was tired of working for a living." [redacted] **[REDACTED, FOIA Ex. 6, 7c]** stated Swagger Media Group was started in 2009 and has revenue and filed tax returns. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** stated the business has earned minimal revenue, however. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** could not estimate the amount of business the company has done since inception.

[redacted] **[REDACTED, FOIA Ex. 6, 7c]** was asked about his level of contact and communication with Katabana after the meeting at TGI Friday's. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** stated Katabana texted him indicating [redacted] **[REDACTED, FOIA Ex. 6,**

7c] wanted 10% of the SBA contract. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated that was not true and they talked about [redacted] [REDACTED, FOIA Ex. 6, 7c] getting 10% of a contract at IRS, because he [redacted] [REDACTED, FOIA Ex. 6, 7c] could not help with the SBA contract. [redacted] [REDACTED, FOIA Ex. 6, 7c] further stated he wanted 10% of the IRS contract, in exchange for supplying employees. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated he was going to introduce Katabana to people at the IRS, because he knows the culture.

[redacted] [REDACTED, FOIA Ex. 6, 7c] stated he started arguing over text and email with Katabana, because he was not introducing him [Katabana] to the CIO and/or the CTO. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated Katabana kept asking about the big SBA network contract and again, [redacted] [REDACTED, FOIA Ex. 6, 7c] stated he did not know anything about the larger SBA network contract. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated after Katabana got mad, he [Katabana] started sending emails to [redacted] [REDACTED, FOIA Ex. 6, 7c]'s SBA email. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated Katabana still wanted to be introduced to the SBA CIO and/or CTO.

[redacted] [REDACTED, FOIA Ex. 6, 7c] stated Katabana sent texts to him making it look like he [redacted] [REDACTED, FOIA Ex. 6, 7c] wanted 10% of the SBA contract; however, [redacted] [REDACTED, FOIA Ex. 6, 7c] stated he wanted 10% of the IRS contract. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated he might have told Katabana he could introduce him to the SBA CIO and/or CTO, prior to Katabana pressuring him. The conversation between Katabana and [redacted] [REDACTED, FOIA Ex. 6, 7c] would have happened at TGI Friday's. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated he did not know anything about the network contract at SBA and did not know the Contracting Officer. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated the 1901 Group ultimately won this contract. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated the network contract for SBA was approximately $20MM and was for three to six years. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated he was not sure who created the proposal for the network contract, indicating the requirement and the work SBA needed. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated his boss, [redacted] [REDACTED, FOIA Ex. 6, 7c] would have created the requirement. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated he asked Katabana for a contract from him, as in an agreement contract; however, Katabana took that as [redacted] [REDACTED, FOIA Ex. 6, 7c] wanted 10% for introducing him [Katabana] to people at SBA. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated that was not what he was asking for. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated he wanted 10% of the IRS contract.

[redacted] [REDACTED, FOIA Ex. 6, 7c] was asked about the text message in which he asked for 10% of the small and big contracts. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated the "small contract" and the "big contract" referenced in the text message were contracts at the IRS. [redacted] [REDACTED, FOIA Ex. 6, 7c] then stated the 10% was for [redacted] [REDACTED, FOIA Ex. 6, 7c] to introduce Katabana to SBA's CIO and/or CTO and to do business at the IRS. [redacted] [REDACTED, FOIA Ex. 6, 7c] thought the 10% of the SBA contract he would receive was $200,000 to $300,000. [redacted] [REDACTED, FOIA Ex. 6, 7c] stated he would not have remained an SBA employee while working on the contract. [redacted] [REDACTED, FOIA Ex.

6, 7c] stated he did not want to work for FWG/Katabana and wanted to subcontract the work to his own business.

[REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated they did not talk about the IRS in the text message, because they were talking about SBA only. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated the small contract in the text message is the Citrix contract and the big contract is the network contract. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated they talked about the IRS contracts verbally and left that out of the text messages. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated he did not think what he was doing was unethical or illegal. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated his boss told him to send a list of some contractors that could do the job. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated he was trying to start his own company and was not attempting to get some sort of kickback or a finder's fee for bringing Katabana in to meet SBA's CIO and/or CTO. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated he wanted the money upfront so he could pay his employees. In the text message, it says "I will be pushing your name extremely hard to make this happen." [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated Katabana knew [REDACTED] [REDACTED, FOIA Ex. 6, 7c] could only navigate him through the smaller Citrix contract. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated he did not think it was possible to make the introductions to the CIO and/or CTO.

[REDACTED] [REDACTED, FOIA Ex. 6, 7c] was asked if the contracts in the text message referred to the SBA or the IRS contract and [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated it was for the SBA contracts. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated he wanted "to do business", "swear to God", and "wanted to be a subcontractor." [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated the 10% was not going to be a fee for trying to push Katabana's contract through. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated he "should have known better" that it would have be an issue to work for the government and being a subcontractor at the same time. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated he talked to someone at 1901 Group, because he asked to get a job with them, and they informed him of the potential conflict of interest of coming back to work on a contract at SBA. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated if he got the 10% contract from Katabana, he would have resigned from SBA and hired contractors to work for him. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated he was angry when he wrote this text message.

[REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated Katabana asked him [REDACTED] [REDACTED, FOIA Ex. 6, 7c] to find out who had the previous network contract and who the awarding official was. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated he knew and relayed to Katabana the current contract was being performed by Glacier. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated he asked around about the awarding official; however, never found that information out. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated Katabana asked him [[REDACTED]] [REDACTED, FOIA Ex. 6, 7c] if the contract was a set-aside, the names of the CIO and CTO, and if [REDACTED]'s [REDACTED, FOIA Ex. 6, 7c] boss had knowledge or influence over the contract. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated he asked the CTO when the new contract would be awarded and the CTO stated it was the CIO's decision. [REDACTED] [REDACTED, FOIA Ex. 6, 7c] stated he did not tell Katabana that information. [REDACTED] [REDACTED, FOIA Ex. 6, 7c]

stated he sat in meetings for the Citrix contract; however, never told Katabana anything about the meetings.

[REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** stated Katabana wanted information on the Citrix contract and what it entailed. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** stated he told Katabana it was building servers, which was in the contract solicitation. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** stated Katabana wanted to know if SBA was building the servers. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** stated Katabana was asking [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** what he was doing from the technical standpoint. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** stated he gave Katabana the DOI point of contact, because this was most likely a task order on an Indefinite Delivery Indefinite Quantity (IDIQ) contract. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** stated he did not think he was giving Katabana information that would result in FWG with an unfair advantage in the procurement process. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** stated he knew how much the government wanted to spend on the project and told Katabana that information. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** stated this included software, equipment, and licenses. The RA asked [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** what should happen to him: [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** stated he should not lose his job and it was stupid to think he could come back and work as a contractor for the government.

On July 29, 2015, Katabana was interviewed by SBA-OIG agents (**Attachment #4**). Katabana's attorney, Johnnie Bond, also attended the interview.

Katabana stated he met [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** through [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]**. Blair was a contractor working on the Freedom of Information Act (FOIA) contract. Katabana met Blair at an event through a mutual friend and they exchanged business cards. Katabana advised a few weeks later, Blair reached out to him and mentioned [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** wanted to connect the two of them, regarding an 8(a) opportunity.

Katabana stated [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** requested FWG's capability statement because [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** knew of work at SBA that would interest FWG and Katabana. [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** told Katabana he would introduce Katabana to his boss. Katabana stated he was a newly certified 8(a) Firm and was excited to meet [REDACTED]'s **[REDACTED, FOIA Ex. 6, 7c]** boss and that he spoke about FWG to his boss. Katabana and [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** set a time and place to meet; however, [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** canceled at the last minute.

Katabana stated [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** would send text messages and rarely emails. Katabana thought it was "odd", but figured that is how [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** preferred to communicate. Katabana stated he has been in government contracting and corporate executive positions for 20-years and most people communicate over official email. Katabana stated that was the first instance he thought something was not right.

Katabana stated he had lunch with [REDACTED] **[REDACTED, FOIA Ex. 6, 7c]** on July 14, 2014 at a TGI Friday's in Greenbelt, Maryland. Katabana advised only [REDACTED] **[REDACTED, FOIA**

Ex. 6, 7c] showed up and no other SBA employees were present. Katabana stated the meeting went fine and they mainly talked about FWG's and Katabana's background. Katabana stated this was the second instance where things did not appear normal and started taking screenshots of every text message with [redacted] **[REDACTED, FOIA Ex. 6, 7c]**.

Katabana stated [redacted] **[REDACTED, FOIA Ex. 6, 7c]** wanted him to reach out to a contracting officer, [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, Department of Interior. Katabana stated he had his business development team contact [redacted] **[REDACTED, FOIA Ex. 6, 7c]** and provide a capability statement. Katabana thought [redacted] **[REDACTED, FOIA Ex. 6, 7c]** was at SBA based on the way [redacted] **[REDACTED, FOIA Ex. 6, 7c]** talked about her. Katabana has never met [redacted] **[REDACTED, FOIA Ex. 6, 7c]**. Katabana was not aware of any relationship between [redacted] **[REDACTED, FOIA Ex. 6, 7c]** and [redacted] **[REDACTED, FOIA Ex. 6, 7c]**. Katabana stated after the meeting in Greenbelt, [redacted] **[REDACTED, FOIA Ex. 6, 7c]** sent a text message that says "if I help you, you help me."

[redacted] **[REDACTED, FOIA Ex. 6, 7c]** sent a text message to Katabana that indicates Katabana's information is on his ([redacted]'s) **[REDACTED, FOIA Ex. 6, 7c]** desk. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** told Katabana he will work hard to push Katabana's name forward to his boss.

Katabana stated he knew [redacted] **[REDACTED, FOIA Ex. 6, 7c]** worked in Information Technology (IT) at SBA and that [redacted] **[REDACTED, FOIA Ex. 6, 7c]** was referring Katabana to his boss, which [redacted] **[REDACTED, FOIA Ex. 6, 7c]** called "the chief". Katabana thought, at this time, that [redacted]'s **[REDACTED, FOIA Ex. 6, 7c]** interest was getting IT support for SBA and meeting 8(a) goals. Katabana stated he received a text message from [redacted] **[REDACTED, FOIA Ex. 6, 7c]** asking if FWG/Katabana was capable of providing VMWare and/or Citrix support. Katabana stated he said yes and they should talk, so Katabana could understand exactly what was needed.

On July 21, 2014, Katabana received a text from [redacted] **[REDACTED, FOIA Ex. 6, 7c]** that stated he was seeking 10% of the large and small contract. Katabana stated he was immediately shocked and his initial thought was that [redacted] **[REDACTED, FOIA Ex. 6, 7c]** was asking for a kickback. Katabana stated he spoke with everyone in his office and his counsel, Mr. Bond. Katabana stated [redacted] **[REDACTED, FOIA Ex. 6, 7c]** has FWG's information and would push FWG through. Katabana stated he understood [redacted] **[REDACTED, FOIA Ex. 6, 7c]** to be asking for a bribe or kickback. Katabana stated he never paid [redacted] **[REDACTED, FOIA Ex. 6, 7c]** anything. Katabana stated [redacted] **[REDACTED, FOIA Ex. 6, 7c]** never asked for a job at FWG and Katabana never offered [redacted] **[REDACTED, FOIA Ex. 6, 7c]** a job. Katabana stated they never discussed the 10% at the meeting in Greenbelt. Katabana stated he felt [redacted] **[REDACTED, FOIA Ex. 6, 7c]** waited for FWG's information to get with the contracting officer and then asked for 10%. As a consequence of the 10% text message and other emails, Katabana stated he put together the complaint and sent it to the SBA-OIG Hotline.

Katabana stated [redacted] **[REDACTED, FOIA Ex. 6, 7c]** never mentioned he ([redacted]) **[REDACTED, FOIA Ex. 6, 7c]** previously working for the Internal Revenue Service (IRS).

Katabana stated they never discussed any contracts at the IRS. Katabana further stated they only talked about SBA contracts.

Katabana stated [redacted] **[REDACTED, FOIA Ex. 6, 7c]** never gave him cost and pricing information on the contracts. However, [redacted] **[REDACTED, FOIA Ex. 6, 7c]** did mention the general size of the contracts. Katabana stated [redacted] **[REDACTED, FOIA Ex. 6, 7c]** told him the classification of the employees and how many of each classification would be on the contract. Katabana stated it is easy to back into those numbers once you know that information.

On October 7, 2015, [redacted] **[REDACTED, FOIA Ex. 6, 7c]** was interviewed by Department of Interior-OIG agents (**Attachment #5**).

[redacted] **[REDACTED, FOIA Ex. 6, 7c]** said that she could only recall one time that she had direct contact with a vendor prior to the award of a SBA contract. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** recalled the vendor contacted her and knew that there was a contract opportunity and the company wanted to determine how to propose on the contract. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** said that the vendor claimed the contracting officer representative (COR) told the vendor to contact [redacted] **[REDACTED, FOIA Ex. 6, 7c]** did not initially remember the name of the company but once SA [redacted] **[REDACTED, FOIA Ex. 6, 7c]** offered the name "FWG Solutions" (FWG), [redacted] **[REDACTED, FOIA Ex. 6, 7c]** said that she believed FWG was the company that contacted her.

[redacted] **[REDACTED, FOIA Ex. 6, 7c]** clarified that this contact was not a normal procedure. According to [redacted] **[REDACTED, FOIA Ex. 6, 7c]** usually if ASD was going to go "8(a) direct" without competition, ASD goes through the SBA to get authority for the action [redacted] **[REDACTED, FOIA Ex. 6, 7c]** said that she believed FWG knew this step was about to occur and had additional information about the contract a potential vendor would not normally have. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** said that after FWG contacted her, she may have sent an email informing the vendor that they were being considered. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** said she was not certain, but she may have requested a compatibility statement. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** commented that shortly after this contact, things began to "blow up."

[redacted] **[REDACTED, FOIA Ex. 6, 7c]** said that the vendor [FWG] sent [redacted] **[REDACTED, FOIA Ex. 6, 7c]** an email that included statements by the COR that guaranteed FWG would get the contract. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** believed the emails included statements by FWG that if they got the contract they would help the COR with the COR's personal IT business. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** said that she then referred this information to her supervisor, [redacted] **[REDACTED, FOIA Ex. 6, 7c]**. According to [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, Lovelace then referred the matter back to SBA Legal for contract integrity concerns. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** did not believe that the associated contract was awarded to any vendor.

[redacted] **[REDACTED, FOIA Ex. 6, 7c]** believed that the name of the COR at the SBA who directed FWG to contact her was "Terrance." [redacted] **[REDACTED, FOIA Ex. 6, 7c]** claimed that

she could not recall COR's last name. [redacted] [REDACTED, FOIA Ex. 6, 7c] said that her only contact with Terrance was during an introductory conference call and that she did not ever meet him in person. According to [redacted] [REDACTED, FOIA Ex. 6, 7c], the COR would have had her business contact information if her supervisor provided it to them.

DOI-OIG SA [redacted] [REDACTED, FOIA Ex. 6, 7c] asked [redacted] [REDACTED, FOIA Ex. 6, 7c] how she knew [redacted] [REDACTED, FOIA Ex. 6, 7c]. [redacted] [REDACTED, FOIA Ex. 6, 7c] claimed she did not know anyone named [redacted] [REDACTED, FOIA Ex. 6, 7c] but that the name sounded familiar. [redacted] [REDACTED, FOIA Ex. 6, 7c] asked rhetorically if [redacted] [REDACTED, FOIA Ex. 6, 7c] was the COR on the instance associated with FWG Solutions but she did not confirm that she recalled the association clearly.

SA [redacted] [REDACTED, FOIA Ex. 6, 7c] asked [redacted] [REDACTED, FOIA Ex. 6, 7c] if she was offered any money by the COR or any other party to guarantee or influence the award of the contract. [redacted] [REDACTED, FOIA Ex. 6, 7c] said that she was not, and reaffirmed that she had no further communication with the COR after the initial introductory conference call.

SUBJECTS

[redacted] [REDACTED, FOIA Ex. 6, 7c]

JUDICIAL/ADMINISTRATIVE ACTIONS

[redacted] [REDACTED, FOIA Ex. 6, 7c] was terminated from his position at SBA on July 3, 2015, for conduct unbecoming of a federal employee and lack of candor.

On November 5, 2015, the matter was presented to Assistant U.S. Attorney [redacted] [REDACTED, FOIA Ex. 6, 7c] of the U.S. Attorney's Office for the District of Columbia. On November 6, 2015, AUSA Cheatham advised that her office was declining [redacted]

[REDACTED, FOIA Ex. 5]

DISPOSITION OF EVIDENCE

No original evidence was obtained in the course of this investigation.

STATUS

Closed.

EXHIBITS

Exhibit #	Description
1	Text Message from telephone number [redacted]'s **[REDACTED, FOIA Ex. 6, 7c]** cell phone, to [redacted] **[REDACTED, FOIA Ex. 6, 7c]**
2	Emails between [redacted] **[REDACTED, FOIA Ex. 6, 7c]** and [redacted] **[REDACTED, FOIA Ex. 6, 7c]** dated July 21, 2014 through July 22, 2014
3	MOI of [redacted] **[REDACTED, FOIA Ex. 6, 7c]** dated October 8, 2014
4	MOI of **[REDACTED, FOIA Ex. 6, 7c]** dated July 29, 2015
5	Department of Interior – Office of Inspector General MOI of [redacted] **[REDACTED, FOIA Ex. 6, 7c]** dated October 7, 2015

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED FOIA EX. 6/7C]
Approved by:	[REDACTED FOIA EX. 6/7C]

REPORT OF INVESTIGATION

CASE#: E-OT-14-0271-I	**DATE OF REPORT:** June 22, 2016
CASE TITLE: EMPOWERMENT GROUP INC.	
PERIOD OF INVESTIGATION: March 6, 2014 **TO** June 22, 2016	
CASE AGENT: [REDACTED FOIA EX. 6/7C]	
DISTRIBUTION:	

SUMMARY

The reporting agent (RA), Assistant Special Agent in Charge (ASAC) [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, initiated this investigation on July 9, 2014, (**Exhibit 1**) based upon information provided on March 6, 2014, by [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, former Assistant Inspector General for Investigations (AIGI), SBA-OIG, Washington, D.C., regarding a compliant by [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, Grants Management Specialist, SBA, Entrepreneurial Development, Washington, D.C. made an OIG Hotline Complaint (# 11412) which she had submitted through [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, Counsel to the IG, SBA-OIG, Counsel Division, Washington, D.C., regarding the Empowerment Group (EG), a non-profit organization that operates a Women's Business Center (WBC) located in Philadelphia, PA. [redacted] **[REDACTED, FOIA Ex. 6, 7c]** had advised SBA had learned of possible questionable costs and contradictory information concerning whether EG was still operational.

The RA investigated this case for possible Program Fraud Civil Remedies Act (PFCRA) violations of Title 31 U.S.C. Chapter 38.

DETAILS

EG had been a grantee since 2006. The WBC was a project of the grantee. EG was due for a financial exam for the 2013 grant year and EG had not been responding to requests by SBA to provide needed information. On February 3, 2014, [redacted], **[REDACTED, FOIA Ex. 6, 7c]** Deputy Assistant Administrator, SBA, Office of Women's Business Ownership (OWBO),

Washington D.C., and [redacted] [REDACTED, FOIA Ex. 6, 7c] had a conference call with [redacted], Executive Director, EG, who advised he had not been a part of EG since June 2013. However, [redacted] [REDACTED, FOIA Ex. 6, 7c] stated time sheets through September 2013 submitted by EG to SBA had shown [redacted] [REDACTED, FOIA Ex. 6, 7c] was working there. [redacted] [REDACTED, FOIA Ex. 6, 7c] also stated [redacted] [REDACTED, FOIA Ex. 6, 7c] was the Director of the WBC and an employee of EG and had left in January 2014. A review of documents provided by [redacted] [REDACTED, FOIA Ex. 6, 7c] showed [redacted] [REDACTED, FOIA Ex. 6, 7c] sent out an email on January 30, 2014, that the WBC was closing. **(Exhibits 2 & 3)**

[redacted], [REDACTED, FOIA Ex. 6, 7c] a board member of EG, had advised SBA that EG was operational; however, requests for the information needed for the review were never produced. On May 29, 2014, SBA advised [redacted] [REDACTED, FOIA Ex. 6, 7c] that SBA was terminating the WBC's award to EG and requested $94,140 be returned. [redacted] explained this is the full amount which SBA had disbursed for three quarters of program year 2012-2013. **(Exhibit 4)**

Due to the low dollar amount in this matter, it was decided this matter would best be handled as a possible PFCRA case. Additional records needed to be obtained to determine if EG had misused funds. On September 12, 2014, [redacted] [REDACTED, FOIA Ex. 6, 7c] issued an IG Subpoena to [redacted] [REDACTED, FOIA Ex. 6, 7c]. Subsequently, [redacted] [REDACTED, FOIA Ex. 6, 7c] advised that there had been no response to the IG Subpoena that he had issued which was returnable to him. Due to higher priority matters, [redacted] [REDACTED, FOIA Ex. 6, 7c] had not been able to follow-up on the IG Subpoena. Consequently, on September 15, 2015, [redacted] [REDACTED, FOIA Ex. 6, 7c] issued a letter to [redacted] [REDACTED, FOIA Ex. 6, 7c] advising a response to the IG Subpoena was needed or enforcement action could be taken. **(Exhibits 5-8)**

SUBJECTS

Empowerment Group Inc., Philadelphia, PA

JUDICIAL/ADMINISTRATIVE ACTIONS

On June 22, 2016, [redacted] [REDACTED, FOIA Ex. 6, 7c] stated he has decided to close the EG matter without further action. [redacted] [REDACTED, FOIA Ex. 6, 7c] cited closing this case due [redacted] [REDACTED, FOIA Ex. 5] [redacted] [REDACTED, FOIA Ex. 6, 7c] advised he would contact [redacted] [REDACTED, FOIA Ex. 6, 7c], Grants Management Specialist, SBA, Entrepreneurial Development, Washington, D.C., regarding his decision. **(Exhibit 9)**

DISPOSITION OF EVIDENCE

There were no original documents maintained in the SBA/OIG case file. Copies of pertinent records will be retained in the SBA/OIG case file to be destroyed at a later date in adherence with SBA policy.

STATUS

Case closed.

EXHIBITS

Exhibit #	Description
1	Case Initiation, dated March 17, 2014
2	MOI, dated March 17, 2014, of [redacted] & [redacted] **[REDACTED, FOIA Ex. 6, 7c]**
3	MOI, dated March 26, 2014, of [redacted] **[REDACTED, FOIA Ex. 6, 7c]**
4	MOA, dated June 11, 2014, [redacted] **[REDACTED, FOIA Ex. 6, 7c]**
5	MOA, dated July 10, 2014
6	OIG Subpoena, dated September 12, 2014 to Empowerment Group/[redacted] **[REDACTED, FOIA Ex. 6, 7c]**
7	MOA, dated September 3, 2015, of [redacted] **[REDACTED, FOIA Ex. 6, 7c]**
8	MOA, dated September 16, 2015, of [redacted] providing letter issued to [redacted] **[REDACTED, FOIA Ex. 6, 7c]** from [redacted] **[REDACTED, FOIA Ex. 6, 7c]**
9	MOA, dated June 22, 2016, of [redacted] **[REDACTED, FOIA Ex. 6, 7c]**

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	**[REDACTED, FOIA EX. 6, 7C]**
Approved by:	**[REDACTED, FOIA EX. 6, 7C]**

REPORT OF INVESTIGATION

CASE#: W-CC-10-0126-I	**DATE OF REPORT:** December 29, 2016
CASE TITLE: MRC/QTR JV	
PERIOD OF INVESTIGATION: January 8, 2010 **TO** December 1, 2016	
CASE AGENT: [REDACTED, FOIA EX. 6, 7C]	
DISTRIBUTION:	

SUMMARY

In a November 13, 2009, letter, the Government Accounting Office (GAO) referred to the U.S. Small Business Administration (SBA), Office of Inspector General (OIG), a general letter reporting a finding that MRC/QTR JV, a Service Disabled Veteran Owned Small Business (SDVOSB), in Boise, Idaho, was "clearly not eligible to participate in the SDVOSB program." GAO stated that MRC/QTR JV is associated with McDonald Roofing & Construction, Inc. (MRC), Emmett, Idaho, Construction Services Corporation (CSC) Boise, Idaho and Quality Tile Roofing, Inc. (QTR), Boise, Idaho. Further information received from GAO indicates that GAO concluded that QTR is using MRC as a pass-through to receive SDVOSB set-aside contracts for which it is not eligible **(Exhibits 1-2).**

On January 8, 2010, Special Agents from SBA-OIG, General Services Administration (GSA) OIG; Department of Defense (DOD) OIG, Defense Criminal Investigative Service (DCIS); U.S. Department of Veterans Affairs (VA) OIG; and U.S. Army, Criminal Investigation Division, Major Procurement Fraud Unit met with Assistant United States Attorney (AUSA) **[REDACTED, FOIA EX. 6, 7C]** District of Idaho. AUSA **[REDACTED, FOIA EX. 6, 7C]**agreed to open a case and consider the case for criminal prosecution. The U.S. Department of Agriculture OIG, U.S Department of Interior OIG, and Internal Revenue Service - Criminal Investigation, also joined the case.

On November 10, 2010, in lieu of a prosecutorial Report of Investigation, a Search Warrant affidavit and application for searches at QTR, CSC and an Emmett, Idaho property belonging to Large were submitted to the U.S. District Court, District of Idaho. The affidavit summarized investigative findings to that date indicating probable cause related to the allegations. Search

Warrants were issued for the QTR, MRC and CSC locations to include QTR's business location, Lisa Hatch's (Hatch) residence and Large's farm located in Emmett, Idaho.

The investigation found Large committed fraud within the SBA's HUBZone, 8a, and SDVOSB Programs, the Veteran Affairs' SDVOSB Program, and the General Service Administration's (GSA) Surplus Property Program, through which SBA 8(a) companies can obtain surplus property.

Large was found to have established shell corporations by which he could financially benefit from SBA set-aside programs and government surplus property, to which he was not otherwise entitled. Large did this by creating MRC, a SDVOSB, with a veteran QTR employee, Mike McDonald (McDonald). Large allowed his farm property address, which was located in a HUBZone, to be used as MRC's principal place of business to establish MRC as a HUBZone entity. Large also created CSC, an approved 8(a) corporation because it was a woman-owned and operated construction business. Hatch, a QTR employee, was put in as the head of CSC. Large also allowed CSC to use his farm address to be placed on record as CSC's principal place of business to establish CSC as a HUBZone entity. However, Large actually controlled both entities and neither MRC nor CSC conducted work at the farm address. Large benefited financially from CSC and MRC winning government contracts that were set aside for true HUBZone, 8a, and SDVOSB entities. Large also benefited by acquiring government surplus property by using CSC's 8(a) status as a pass-through to obtain over $1,000,000 worth of surplus equipment he would not otherwise be entitled.

Based on the investigative findings in that affidavit and the findings developed after the search warrants were conducted, as documented below in exhibits 3 through 41, multiple criminal and administrative actions occurred.

DETAILS

Allegation 1: Patrick Large (Large) d.b.a. QTR, established and used MRC and CSC as front companies to obtain SDVOSB, 8a and HUBZone set aside contracts, in violation of 18 USC 1001; and False Statements, 18 USC 1343 Wire Fraud.

On November 10, 2010, in lieu of a prosecutorial Report of Investigation, a Search Warrant affidavit for QTR, CSC and an Emmett, Idaho property belonging to Large were submitted to the U.S. District Court, District of Idaho. The affidavit summarized investigative findings to that date indicating probable cause related to the allegation **(Exhibits 3-5).** Search Warrants were issued for the QTR, MRC and CSC locations to include QTR's business location, Lisa Hatch's (Hatch) residence and Large's farm located in Emmett, Idaho **(Exhibits 6-8).**

The investigation found Large committed fraud within the SBA's HUBZone, 8a, and SDVOSB Programs, the Veteran Affairs' SDVOSB Program, and the General Service Administration's (GSA) Surplus Property Program, through which SBA 8(a) companies can obtain surplus property.

Large was found to have established shell corporations by which he could financially benefit from SBA set-aside programs and government surplus property, to which he was not otherwise entitled. Large did this by creating MRC, a SDVOSB, with a veteran QTR employee, Mike McDonald (McDonald). Large allowed his farm property address, which was located in a HUBZone, to be used as MRC's principal place of business to establish MRC as a HUBZone entity. Large also created CSC, an approved 8(a) corporation because it was a woman-owned and operated construction business. Hatch, a QTR employee was put in as the head of CSC. Large also allowed CSC to use his farm address to be placed on record as CSC's principal place of business to establish CSC as a HUBZone entity. However, Large actually controlled both entities and neither MRC nor CSC conducted work at the farm address. Large benefited financially from CSC and MRC winning government contracts that were set aside for true HUBZone, 8a, and SDVOSB entities. Large also benefited by acquiring government surplus property by using CSC's 8(a) status as a pass-through to obtain over $1,000,000 worth of surplus equipment he would not otherwise be entitled. **(Exhibits 3-5)**.

[REDACTED, FOIA EX. 6, 7C] purported CSC employee and the manager of Large's farm, was interviewed. Walker's primary job was to tend the farm and assist CSC and Large as needed. He was paid $1,000 per month by CSC for his services. In mid-2010, Large told **[REDACTED, FOIA EX. 6, 7C]**he and Hatch were no longer in business together so his pay from CSC would cease. The checks he began receiving from Large after that date included an additional $1,000 which covered the amount he used to receive from CSC. Large told **[REDACTED, FOIA EX. 6, 7C]** that McDonald would be using the farm to store equipment for MRC. MRC and QTR shared the roofing equipment stored at the farm **(Exhibit 9)**. QTR reimbursed this amount to CSC via checks with memos re leases, etc.

A review of Idaho Department of Labor's wage records filed by CSC; Quality Concrete Products, a/k/a QTR, a/k/a Modern Roofing; MRC-QTR Joint Venture; and MRC for the years of 2004-2009 was conducted. Of note was that MRC-QTR Joint Venture filed no wages for any of these periods. Large usually signed the wage records for QTR and MRC's accounts and Hatch signed the wage records for CSC. All three entities shared several employees over the years. **(Exhibits 10-11).**

Employees reported to the interviewing agents that regardless of which company paid them, they generally turned in their timesheets at QTR, received their orders from Large or QTR superintendents, and picked up their paychecks at QTR. Some did not know for whom they were working until they got paid or received their IRS Form W-2. **(Exhibits 12–15)**. **[REDACTED, FOIA EX. 6, 7C]**QTR Superintendent, said the same pool of employees was used for all jobs, whether they were QTR, CSC or MRC jobs. Which company was the contractor for the job did not change how **[REDACTED, FOIA EX. 6, 7C]** did his job managing QTR's employees **(Exhibit 16).**

SUBJECTS

Name: Patrick Large
[REDACTED, FOIA EX. 6, 7C]

Name: Michael McDonald
[REDACTED, FOIA EX. 6, 7C]

Name: Lisa Hatch
[REDACTED, FOIA EX. 6, 7C]

Name: Quality Tile Roofing, Inc.
Address: 2711 South Curtis Road, Boise, Idaho 83705

Name: McDonald Roofing and Construction, Inc.
Address: 10527 Dewey Road, Emmett, Idaho 83617

Name: Construction Services Corporation
Address: 10527 Dewey Lane, Emmett, Idaho 83617

JUDICIAL/ADMINISTRATIVE ACTIONS

On June 3, 2010, the U.S. Army Corps of Engineers (USACE) rescinded an offer to award a $2.5 million contract to CSC. USACE previously offered the 8(a) set-aside contract to CSC through an offer letter to the SBA in Boise, Idaho. The offer was originally approved by the SBA, but after the USACE contracting officer (KO) learned from investigators the results of interviews with Hatch, CSC's President, and Large, the president of CSC's "teaming partner," QTR, the KO decided not to award CSC the contract. The KO was concerned that CSC was too reliant on other firms for bonding, equipment, employees, and experience. USACE submitted a rescission request to the SBA on June 2, 2010, and the SBA concurred with the rescission on June 3, 2010. **(Exhibits 17-18).**

On July 27, 2010, at the SBA-OIG Investigation Division's request, the SBA, Office of General Council, Washington, DC, sent a notice of suspension to Hatch, CSC, Large, QTR, CPM Precision Machine Incorporated, and CSC-RSCI Team, LLC. **(Exhibit 19).** The suspensions of Large, QTR and CPM were lifted based on an agreement with SBA on September 7, 2010. **(Exhibit 20).** On July 25, 2011, the U.S. Department of Justice, Criminal Division, requested Hatch and CSC's suspensions be extended for six months. SBA issued the extension letter to Hatch on July 25, 2011 **(Exhibits 21-23).**

On March 7, 2011, Hatch, on behalf of CSC, signed a Voluntary Withdrawal Agreement to withdraw from the SBA's 8(a) Program following SBA's proposal to terminate CSC from the program **(Exhibits 24-25).**

On February 14, 2012, an Indictment was returned in the District of Idaho, Boise, ID, against Large, Hatch and QTR, but it was placed under seal by order of the Court **(Exhibit 26).**

On March 16, 2012, McDonald, on behalf of MRC, pled guilty in U.S. District Court, Boise, ID, to one count of a criminal Information that was previously filed on March 15, 2012, charging him with a violation of 18 USC 1343 Wire Fraud **(Exhibit 27).**

On February 10, 2012, Hatch, on behalf of CSC, pled guilty in U.S. District Court, Boise, ID, to two counts of a criminal Information that was filed on March 28, 2012, charging CSC with a violation of 18 USC 1343; Wire Fraud, and 18 USC 1001; False Statements **(Exhibit 28).**

On June 6, 2012, CSC was sentenced in U.S. District Court, District of Idaho, Boise, ID. CSC received three years of probation and was ordered to pay a $65,000 fine **(Exhibit 29).**

On July 3, 2012, the SBA, Office of Procurement Law Division, Washington, DC, sent a notice of proposed debarment to Hatch and CSC **(Exhibit 30).**

On July 5, 2012, the Indictment against Large was unsealed in U.S. District Court, District of Idaho, Boise, ID. The indictment charged Large with the following counts: Four counts of 18 USC 1343, Wire Fraud; four counts of 18 USC 1341, Mail Fraud; four counts of 18 USC 1001, False Statements; and two counts of 18 USC 1957 Money Laundering **(Exhibits 31-32).**

On July 5, 2012, the U.S. Attorney's Office for the District of Idaho filed a superseding Information in U.S. District Court, Boise, ID, charging Large with one count of violating 18 USC 1343; Wire Fraud **(Exhibit 33).**

On July 16, 2012, MRC was sentenced in U.S. District Court, District of Idaho, Boise, ID. MRC received three years of probation and was ordered to pay a $5,000 fine **(Exhibit 34).**

On August 7, 2012, the U.S. Attorney's Office for the District of Idaho filed a second superseding Information in U.S. District Court, Boise, ID, charging Large with one count of violating 18 USC 1343; Wire Fraud **(Exhibit 35).**

On September 11, 2012, the U.S. Attorney's Office for the District of Idaho filed a third superseding Information in U.S. District Court, Boise, ID, charging Large with one count of violating 18 USC 1343; Wire Fraud **(Exhibit 36).**

On September 11, 2012, Large pled guilty in U.S. District Court, Boise, ID, to one count of a criminal Information filed on September 11, 2012 charging him with a violation of 18 USC 1343; Wire Fraud **(Exhibit 37).**

On September 28, 2012, the SBA, Office of Procurement Law Division, Washington, DC, sent a notice of proposed debarment to McDonald and MRC **(Exhibit 38).**

On January 9, 2013, Large was sentenced in U.S. District Court, District of Idaho, Boise, ID. Large received two years of probation, was ordered to pay a $20,000 fine, and forfeit $150,000 **(Exhibit 39).**

On December 16, 2013, the SBA, Office of Procurement Law Division, Washington, DC, sent a notice of proposed debarment to Large and QTR **(Exhibit 40).**

On November 24, 2014, the SBA, Office of Procurement Law Division, Washington, DC, sent a notice of debarment to McDonald, MRC, Large and QTR, who were all debarred until December 31, 2014 **(Exhibit 41).**

DISPOSITION OF EVIDENCE

There were no original documents or other evidence inventoried during this investigation. Copies of pertinent records will be retained in the case file to be destroyed at a later date in adherence to SBA policy.

STATUS

Case closed.

EXHIBITS*

Exhibit #	Description
1	Case Initiation, dated 01/08/10
2	GAO Referral indicating Hatch–CSC, dated 11/13/09
3	Affidavit for QTR search warrant, dated 11/10/10
4	Affidavit for CSC Search Warrant, dated 11/10/10
5	Affidavit for Search Warrant, **[REDACTED, FOIA EX. 6, 7C]**, dated 11/10/10
6	Search Warrant, QTR, dated 11/10/10
7	Search Warrant, CSC, dated 11/10/10
8	Search Warrant, **[REDACTED, FOIA EX. 6, 7C]**dated 11/10/10
9	Walker MOI, dated 01/07/11
10	MOA - Employee Spreadsheet, 03/16/11
11	MOA Attachment - Employee Spreadsheet, dated 03/15/11
12	MOI - **[REDACTED, FOIA EX. 6, 7C]**, dated 04/13/11
13	MOI - Sean Weeks, dated 04/13/11
14	GSA-OIG MOI of **[REDACTED, FOIA EX. 6, 7C]**, dated 05/11/11
15	MOI - **[REDACTED, FOIA EX. 6, 7C]**, dated 05/11/11
16	VA-OIG MOI **[REDACTED, FOIA EX. 6, 7C]**, dated 04/13/11
17	SAR - USACE contract rescission, dated 06/03/10
18	Army CID AIR re-Coordination with USACE, dated 05/14/10
19	Suspension SAR with Attachments, dated 07/27/10
20	Agreement between SBA and Large, QTR, and CPM to lift the suspensions, dated 09/07/10
21	SAR - Extensions of CSC and Hatch suspensions, dated 08/09/11
22	SAR Attachment - AAG letter to SBA Debarment, dated 07/25/11
23	SAR Attachment - Klein letter extending suspensions, dated 07/25/11
24	MOA - Voluntary Withdrawal Agreement, dated 06/28/11
25	MOA Attachment - Voluntary Withdrawal Agreement, dated 06/03/11
26	Indictment of Patrick Large, dated 02/14/12
27	MRC Guilty Plea, dated 03/16/12
28	CSC Plea Agreement, dated 02/10/12
29	CSC Sentencing SAR, dated 06/06/12
30	Proposed Debarment of Hatch and CSC, Dated 07/03/12
31	Motion to Unseal Pat Large Indictment, dated 07/05/12
32	Pat Large Indictment, dated 02/14/12
33	Pat Large First Superseding Information, dated 07/05/12
34	MRC Sentencing, dated 07/16/12
35	Pat Large Second Superseding Information, dated 08/07/12
36	Pat Large Third Superseding Information, dated 09/11/12
37	Large Plead Guilty to Wire Fraud, dated 09/11/12
38	Proposed Debarment of McDonald and MRC, dated 09/28/12
39	Patrick Large - Judgment and Sentencing, dated 01/09/13

40	Proposed Debarment of Large and QTR, dated 12/16/13
41	Debarment of Large and QTR, dated 11/24/14

***Exhibits have not been attached to this closing Report of Investigation. They are maintained in the official electronic case file located in the Investigations Management Information System (IMIS).**

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, FOIA Ex. 6, 7c]
Approved by:	[REDACTED, FOIA EX. 6, 7C]

PRELIMINARY CASE CLOSING MEMORANDUM

CASE#: E-CC-15-0217-P	**CASE AGENT:** [REDACTED, FOIA EX. 6, 7C]
CASE TITLE: SKYLINE ULTD. INC.	
DATE: September 27, 2016	

On April 13, 2015, the U.S. Small Business Administration (SBA), Office of Inspector General (OIG), received a referral regarding SBA OIG Hotline complaint number 11876. The complaint included allegations of misconduct in government contracting including potential misrepresentations regarding small disadvantaged businesses. Specifically, the complainant alleged improper affiliations between multiple companies purportedly owned by **[REDACTED, FOIA Ex. 6, 7c].** The complainant provided two productions to the OIG Hotline regarding the allegations. On May 5, 2015, the reporting agent interviewed the complainant, **[REDACTED, FOIA Ex. 6, 7c]**, former owner of **[REDACTED, FOIA Ex. 6, 7c].** On June 9, 2015, a preliminary investigation into these allegations was opened by **[REDACTED, FOIA Ex. 6, 7c]**, Special Agent, SBA OIG.

The complaint included allegations including the following entities: Harvest Professional Services Company (Harvest), Cognitive Professional Services, Inc. (Cognitive), Skyline Ultd. Inc. (Skyline), Proforce, Inc. (Proforce), Pro-Sphere Tek, Inc. (Pro-Sphere), and IMS. A review of the Dynamic Small Business Search system revealed that Harvest and Cognitive's primary North American Industry Classification System (NAICS) codes were for administrative management and general management consulting services. The primary NAICS code for Skyline was for telecommunications resellers. The primary NAICS code for Proforce was for all other professional, scientific, and technical services. The primary NAICS code for Pro-Sphere was for custom computer programming services. The primary NAICS code for IMS was for public relations.

In conducting this investigation, the reporting agent reviewed the Federal Procurement Data System to determine all contracts awarded to the entities listed in the complaint from 2010 through 2015. Harvest was awarded approximately $19,936,200 in set-aside contracts. Cognitive was awarded approximately $8,674,390 in set-aside contracts. Skyline was awarded approximately $7,882,423 in set-aside contracts. Proforce was awarded approximately $1,987,230 in set-aside contracts. Pro-Sphere was awarded approximately $53,201,667 in set-aside contracts. IMS was awarded approximately $2,814,834 in set-aside contracts.

The reporting agent also obtained System for Award Management reports from the U.S. General Services Administration for all of the entities listed in the complaint. The files did not provide any evidence of **[REDACTED, FOIA Ex. 6, 7c]** owning a majority share in any of the companies nor did the files indicate that **[REDACTED, FOIA Ex. 6, 7c]** had control over the various entities. It was also determined that no bid or size protests had been filed with the SBA regarding the entities listed in the complaint. The reporting agent also obtained Secretary of State records for the entities from the various states of incorporation and found no evidence of **[REDACTED, FOIA Ex. 6, 7c]** being the listed owner or point of contact for the entities.

The investigation revealed that Cognitive had applied to participate in the SBA 8(a) program and was subsequently denied. Cognitive filed for reconsideration and was again denied admittance into the 8(a) program. The reporting agent obtained copies of the original Business Opportunity Specialist (BOS) Analysis and the BOS Reconsideration Analysis. Cognitive was declined for 8(a) Program participation for the following reasons:

[REDACTED, FOIA Ex. 4]

In conducting the investigation the reporting agent served Inspector General subpoenas on Harvest, Cognitive, Skyline, Proforce, Pro-Sphere, IMS, and **[REDACTED, FOIA Ex. 6, 7c]**. The purpose of the subpoenas was to obtain documentation of ownership, stock ledgers, and records of payments and agreements between **[REDACTED, FOIA Ex. 6, 7c]** and the entities. A review of the documentation provided via subpoena showed no evidence of affiliation between the companies. Stock ledgers provided did not indicate a majority ownership interest in the company by **[REDACTED, FOIA Ex. 6, 7c]** nor did they indicate his control over the entities. The following is a summary of the subpoena responses received:

Cognitive and Harvest

The Cognitive stock ledger identified **[REDACTED, FOIA Ex. 6, 7c]** is the Chief Executive Officer and President of Cognitive. **[REDACTED, FOIA Ex. 6, 7c]** is the daughter of **[REDACTED, FOIA Ex. 6, 7c]**. The investigation revealed that Harvest had been owned by **[REDACTED, FOIA Ex. 6, 7c]** prior to **[REDACTED, FOIA Ex. 6, 7c]** purchasing Cognitive. When **[REDACTED, FOIA Ex. 6, 7c]** purchased Cognitive, she sold off her ownership interest in Harvest.

The subpoena production included the By-Laws and Articles of Incorporation for Cognitive. There were no buy-sell agreements with Joel **[REDACTED, FOIA Ex. 6, 7c]** or Skyline regarding the sale of ownership interest in Cognitive. There was no evidence of payments made to **[REDACTED, FOIA Ex. 6, 7c]** nor were there any agreement for services between **[REDACTED, FOIA Ex. 6, 7c]** and Cognitive. There was no indication that **[REDACTED, FOIA Ex. 6, 7c]** ever had any ownership interest in Harvest.
Cognitive provided evidence of a mentor-protégé agreement with Skyline. It also provided numerous subcontract agreements and teaming agreements with Skyline, Harvest, Proforce, Pro-Sphere, and IMS.

Proforce

According to the stock ledger for Proforce, the **[REDACTED, FOIA Ex. 4]** is the 100% owner. As of March 2016, the organizational chart indicates that **[REDACTED, FOIA Ex. 6, 7c]** is the Chief Executive Officer and President. No payments have been made to **[REDACTED, FOIA Ex. 6, 7c]** for services. The organizational chart also lists **[REDACTED, FOIA Ex. 6, 7c]**as the Chief Operating Officer.

The subpoena production included teaming agreements and task order agreements with Cognitive, Pro-Sphere, and Skyline, as well as a novation agreement with IMS.

Pro-Sphere

According to the records produced by Pro-Sphere, Rodger Blevins is the President and Chief Executive Officer. **[REDACTED, FOIA Ex. 6, 7c]** is a 40% shareholder of the company, along with the **[REDACTED, FOIA Ex. 6, 7c]** Trust owning 39% and the **[REDACTED, FOIA Ex. 6, 7c] [REDACTED, FOIA Ex. 4]**From June 2014 through February 2016, **[REDACTED, FOIA Ex. 6, 7c]** received distributions of **[REDACTED, FOIA Ex. 4]** from the company. Pro-Sphere does not have any current or former consulting agreements with **[REDACTED, FOIA Ex. 6, 7c]**. Corporate resolutions indicate that Joel **[REDACTED, FOIA Ex. 6, 7c]** was the Chairman of Pro-Sphere and Chairman of the Board in 2014. As of May 1, 2015, **[REDACTED, FOIA Ex. 6, 7c]** became the Chairman of Pro-Sphere.

The subpoena production included evidence of a mentor-protégé agreement with Skyline, as well as teaming agreements, novation agreements, and subcontracting agreements with Skyline, Harvest, Cognitive, Proforce, and IMS.

IMS

IMS is no longer in operation and has no staff. In December of 2014 the company offices closed. The subpoena production was provided by **[REDACTED, FOIA Ex. 6, 7c]** from Proforce as the IMS record holder. According to the documents produced, **[REDACTED, FOIA Ex. 6, 7c]** never invoiced IMS or received payment for services from IMS. Consulting and advisory services provided by **[REDACTED, FOIA Ex. 6, 7c]** were informal and unpaid.

A corporate resolution dated October 29, 2014 identified **[REDACTED, FOIA Ex. 6, 7c]** as a 70% owner of IMS and **[REDACTED, FOIA Ex. 6, 7c]**as a 30% owner. A corporate resolution dated December 3, 2014 reaffirmed **[REDACTED, FOIA Ex. 6, 7c]** as the Chairman and President and indicated that **[REDACTED, FOIA Ex. 6, 7c]** was the sole owner. The production also included an IMS Operating Agreement dated June 25, 2012 and the Articles of Organization dated March 10, 2011.

A review of the documents identified an Agreement of Sale detailing **[REDACTED, FOIA Ex. 6, 7c]** purchase of 70% of the ownership interest on June 22, 2012. A Winddown, Dissociation, and Shares Repurchase Agreement was also provided. The document was dated December 2,

2014. The agreement identified **[REDACTED, FOIA Ex. 6, 7c]** dissociation with IMS and **[REDACTED, FOIA Ex. 6, 7c]** sole ownership. **[REDACTED, FOIA Ex. 6, 7c]** terminated his employment on October 31, 2014. The agreement also included the novation of an IMS contract with the National Guard Bureau to Proforce.

The subpoena production included evidence of subcontracting agreements and task order agreements with Skyline, Pro-Sphere, Cognitive, and Proforce.

Skyline

The Skyline subpoena production included Forms W-2 for **[REDACTED, FOIA Ex. 6, 7c]** from 2010 through 2013. Also included was a breakdown of the yearly distributions paid to or on behalf of the **[REDACTED, FOIA Ex. 6, 7c]** Trust from 2010 through 2014. Below is a summary of the distributions:

[REDACTED, FOIA Ex. 4]

A review of the documents found no evidence of consulting agreements, agreements for advisory services, or formal/informal agreements for services between **[REDACTED, FOIA Ex. 6, 7c]** and Skyline. A review of the stock ledger indicated that the original 10,000 shares of Skyline stock were issued to **[REDACTED, FOIA Ex. 6, 7c]** on September 21, 2001. On January 1, 2014, **[REDACTED, FOIA Ex. 6, 7c]** the **[REDACTED, FOIA Ex. 4]** to **[REDACTED, FOIA Ex. 6, 7c]**. The **[REDACTED, FOIA Ex. 6, 7c]** sold the **[REDACTED, FOIA Ex. 4]** on December 15, 2014. On the same date, **[REDACTED, FOIA Ex. 6, 7c]** also acquired an additional **[REDACTED, FOIA Ex 4]**shares from **[REDACTED, FOIA Ex. 6, 7c]. [REDACTED, FOIA Ex. 6, 7c]** acquired the remaining **[REDACTED, FOIA Ex. 4]**shares from the **[REDACTED, FOIA Ex. 6, 7c]** on December 31, 2015.

The documents provided also included Skyline's Corporate Resolutions from April 21, 2010 through March 1, 2016. A copy of Skyline's By-Laws was also produced along with the Certificate of Incorporation from the State of Delaware.

The subpoena production included a Stock Purchase Agreement between the **[REDACTED, FOIA Ex. 6, 7c]** Trust (seller) and the **[REDACTED, FOIA Ex. 6, 7c]** (buyer) for the **[REDACTED, FOIA Ex. 4]**. The agreement was dated October 1, 2013. The trustee for the the **[REDACTED, FOIA Ex. 6, 7c]** who signed the agreement was **REDACTED, FOIA Ex. 6, 7c]**.

The subpoena production included a letter dated December 30, 2015, from **[REDACTED, FOIA Ex. 6, 7c]**to the Skyline Board of Directors. **[REDACTED, FOIA Ex. 4] [REDACTED, FOIA Ex. 6, 7c]** Trust in accordance with the Stock Purchase Agreement dated October 1, 2014. A copy of the Stock Purchase Agreement was included. The date on the agreement was October 1, 2013 although the letter from **[REDACTED, FOIA Ex. 6, 7c]** and the stock ledger indicate that the transaction happened on October 1, 2014.

The production also included a Stock Purchase Agreement between the Joel **[REDACTED, FOIA Ex. 6, 7c]** Trust (seller) and **[REDACTED, FOIA Ex. 6, 7c]** (buyer) for 4500 shares of Skyline stock dated December 15, 2014. On the same date, a Stock Purchase Agreement was created between the **[REDACTED, FOIA Ex. 6, 7c]** (seller) and **[REDACTED, FOIA Ex. 6, 7c]**for 1,000 shares of Skyline stock. On December 30, 2015, **[REDACTED, FOIA Ex. 6, 7c]** acquired an additional 3,500 shares of Skyline stock from the **[REDACTED, FOIA Ex. 6, 7c]** signed as the authorized agent for the **[REDACTED, FOIA Ex. 6, 7c]**

The Skyline subpoena also provided evidence of Skyline's mentor-protégé agreements with Harvest, Cognitive, and Pro-Sphere. It also provided evidence of teaming agreements and subcontracting agreements with Cognitive, Harvest, IMS, Proforce, and Pro-Sphere.

Joel [REDACTED, FOIA Ex. 6, 7c]

[REDACTED, FOIA Ex. 6, 7c] provided his personal Federal income tax returns for 2010 through 2015 pursuant to the subpoena request. **[REDACTED, FOIA Ex. 6, 7c]** also provided several state tax returns for 2010 through 2015. The tax returns were prepared by Cato Gordon & Company in Falls Church, Virginia. Starting in 2014 Cato Gordon & Company changed its name to Cato & Associates. None of the federal tax returns included copies of Forms W-2 or 1099.

In 2010, **[REDACTED, FOIA Ex. 6, 7c]** reported $114,664 in wages on Income Tax Form 1040. On part two of Schedule E 'Income or Loss from Partnerships and S Corporation' **[REDACTED, FOIA Ex. 6, 7c]** reported $835,187 in income from Skyline. In 2011, **[REDACTED, FOIA Ex. 6, 7c]** reported $108,649 in wages on Income Tax Form 1040. On part two of Schedule E 'Income or Loss from Partnerships and S Corporation' **[REDACTED, FOIA Ex. 6, 7c]** reported $930,130 in income from Skyline. In 2012, **[REDACTED, FOIA Ex. 6, 7c]** reported $225,706 in wages on Income Tax Form 1040. On part two of Schedule E 'Income or Loss from Partnerships and S Corporation' **[REDACTED, FOIA Ex. 6, 7c]** reported $2,917,799 in income from Skyline IMS. Additionally, **[REDACTED, FOIA Ex. 6, 7c]** reported $2,383 in Form 1099-Misc non-employee compensation. The source of this compensation is unknown. In 2013, **[REDACTED, FOIA Ex. 6, 7c]** reported $99,767 in wages on Income Tax Form 1040. On part two of Schedule E 'Income or Loss from Partnerships and S Corporation' **[REDACTED, FOIA Ex. 6, 7c]** reported $1,129,761 in income from Skyline, Pro-Sphere, IMS, and JSCH, LP (No Further Information Provided). In 2014, **[REDACTED, FOIA Ex. 6, 7c]** reported no wages on Income Tax Form 1040. On part two of Schedule E 'Income or Loss from Partnerships and S Corporation' **[REDACTED, FOIA Ex. 6, 7c]** reported [redacted] in income from Skyline, Pro-Sphere, and Proforce. **[REDACTED, FOIA Ex. 6, 7c]** later filed an amended tax return decreasing his Schedule E income to $1,190,015 and decreasing adjusted gross income by $63,635. A review of the 2014 Virginia Tax Return showed the Skyline ownership as **[REDACTED, FOIA Ex. 6, 7c]** with 45% ownership, **[REDACTED, FOIA Ex. 6, 7c]** with 45% ownership, and **[REDACTED, FOIA Ex. 6, 7c]**with 10% ownership. A review of the files also indicated the Pro-Sphere ownership as **[REDACTED, FOIA Ex. 6, 7c]**with 40% ownership, **[REDACTED, FOIA Ex. 6, 7c]** **[REDACTED, FOIA Ex. 6, 7c]** with 39% ownership, and **[REDACTED, FOIA Ex. 6, 7c]** **[REDACTED, FOIA Ex. 6, 7c]** with 21%

ownership. [Agents Note: The subpoena production from Pro-Sphere lists the 21% ownership as being held by the **[REDACTED, FOIA Ex. 6, 7c]** **[REDACTED, FOIA Ex. 6, 7c]** is the trustee for the **[REDACTED, FOIA Ex. 6, 7c]**. In 2015, **[REDACTED, FOIA Ex. 6, 7c]** reported no wages on Income Tax Form 1040. On part two of Schedule E 'Income or Loss from Partnerships and S Corporation' **[REDACTED, FOIA Ex. 6, 7c]** reported $30,414 in income from Proforce, Pro-Sphere, IMS, and JSCH, LP.
The subpoena production included a Stock Purchase Agreement between the **[REDACTED, FOIA Ex. 6, 7c]** Trust (seller) and **[REDACTED, FOIA Ex. 6, 7c].** The agreement was dated October 1, 2013. The purchase price **[REDACTED, FOIA Ex. 4]**.

The production also included a Stock Purchase Agreement between the **[REDACTED, FOIA Ex. 6, 7c]** (seller) and **[REDACTED, FOIA Ex. 6, 7c]** (buyer) for 10% of Skyline's stock dated October 13, 2013. **[REDACTED, FOIA Ex.4]**No check or proof of payment was provided in the subpoena production.

The production also included a Stock Purchase Agreement between the **[REDACTED, FOIA Ex. 6, 7c]** Trust (seller) and **[REDACTED, FOIA Ex. 6, 7c]** for **[REDACTED, FOIA Ex. 4]** of Skyline's stock dated December 15, 2014. The purchase price of **[REDACTED, FOIA Ex. 4]**

A Stock Purchase Agreement between **[REDACTED, FOIA Ex. 6, 7c]** (seller) and **[REDACTED, FOIA Ex. 6, 7c]** Trust (buyer) was also included. The agreement was for the **[REDACTED, FOIA Ex. 4]**, dated June 1, 2014.

The subpoena production also included the Certificate of Incorporation and By-Laws for Skyline.

Interviews Conducted

Throughout the course of the investigation the following interviews were conducted in addition to the complainant interview: **[REDACTED, FOIA Ex. 6, 7c]**

[REDACTED, FOIA Ex. 6, 7c]contacted the reporting agent on May 10, 2016 because **[REDACTED, FOIA Ex. 6, 7c]** had seen the IG subpoena and had concerns about Cognitive and **[REDACTED, FOIA Ex. 6, 7c]**' role in the various entities. **[REDACTED, FOIA Ex. 6, 7c]**provided the reporting agent with records via e-mail that she believed would be helpful to the case. The records included copies of e-mail communications **[REDACTED, FOIA Ex. 6, 7c]**had with her boss, copies of Outlook calendar invites for meetings, copies of human resources forms that listed all of the entities on the top of the form, and several illegible computer screen shots. **[REDACTED, FOIA Ex. 6, 7c]**also provided additional records on August 12, 2016. The records provided by **[REDACTED, FOIA Ex. 6, 7c]** did not provide evidence of **[REDACTED, FOIA Ex. 6, 7c]**' ownership or control in Cognitive nor any of the other entities involved in the investigation.

On July 29, 2016, **[REDACTED, FOIA Ex. 6, 7c]** was interviewed by SBA OIG Special Agents **[REDACTED, FOIA Ex. 6, 7c]**.

[REDACTED, FOIA Ex. 6, 7c] started Skyline in 2001 and was the sole owner. **[REDACTED, FOIA Ex. 6, 7c]** is a service-disabled veteran. Skyline was initially considered a small business but was not a participant in the SBA 8(a) program. Skyline lost its small business designation in approximately 2012. In approximately October 2013, **[REDACTED, FOIA Ex. 6, 7c] [REDACTED, FOIA Ex. 4, 6, 7(c)]**. The effective date of the transfers was January 2014. It was agreed that **[REDACTED, FOIA Ex. 6, 7c]** would pay the money from future retained earnings so he did not pay for his shares at the time he acquired his 10% interest in Skyline. In December 2015, **[REDACTED, FOIA Ex. 6, 7c]**returned his shares to Skyline. In December 2014, **[REDACTED, FOIA Ex. 6, 7c]** sold his remaining shares to **[REDACTED, FOIA Ex. 6, 7c]**and currently does not have any ownership interest in Skyline. As of December 2015, **[REDACTED, FOIA Ex. 6, 7c]**became the 100% owner of Skyline. Esperanza **[REDACTED, FOIA Ex. 6, 7c]** is the sole trustee of the **[REDACTED, FOIA Ex. 6, 7c]**. **[REDACTED, FOIA Ex. 6, 7c]** gave **[REDACTED, FOIA Ex. 6, 7c]** shares of Skyline and other companies as part of an unofficial divorce settlement since he owed her money. Esperanza **[REDACTED, FOIA Ex. 6, 7c]** had no role in Skyline or any other company that **[REDACTED, FOIA Ex. 6, 7c]** had an ownership interest in.

[REDACTED, FOIA Ex. 6, 7c] never owned or received compensation from Harvest. Cassandra **[REDACTED, FOIA Ex. 6, 7c]** owned Harvest and sold it approximately three years ago. **[REDACTED, FOIA Ex. 6, 7c]** is the daughter **[REDACTED, FOIA Ex. 6, 7c]** and Esperanza **[REDACTED, FOIA Ex. 6, 7c]**. He lent **[REDACTED, FOIA Ex. 6, 7c]** $**[REDACTED, FOIA Ex. 4]**in 2009 for her to purchase Harvest from **[REDACTED, FOIA Ex. 6, 7c]**. **[REDACTED, FOIA Ex. 6, 7c]** paid **[REDACTED, FOIA Ex. 6, 7c]** back the **[REDACTED, FOIA Ex. 4]**loan within one year.

[REDACTED, FOIA Ex. 6, 7c] has no ownership in Cognitive nor does he have any sort of managerial role. He never received any compensation from Cognitive. He did not loan **[REDACTED, FOIA Ex. 6, 7c]** the money to purchase Cognitive as **[REDACTED, FOIA Ex. 6, 7c]** did not need his assistance since she had money from Harvest.

[REDACTED, FOIA Ex. 6, 7c] owns 39% of Pro-Sphere. **[REDACTED, FOIA Ex. 4, 6, 7c] [REDACTED, FOIA Ex. 6, 7c]** has never received compensation from Pro-Sphere. He has received distributions as an owner which was reported for tax purposes.

[REDACTED, FOIA Ex. 6, 7c] purchased 100% of Proforce from Pro-Sphere in approximately 2013 or 2014. **[REDACTED, FOIA Ex. 6, 7c]** uses his service-disabled veteran status in order to receive small business service contracts for Proforce. **[REDACTED, FOIA Ex. 6, 7c]** has not received compensation from Proforce. At the time of acquisition, Proforce was known as MedForce, Inc.

[REDACTED, FOIA Ex. 6, 7c] acquired a 70% ownership interest in IMS in approximately 2012. The remaining 30% was owned by [**REDACTED, FOIA Ex. 6, 7c]** did not receive

compensation from IMS. **[REDACTED, FOIA Ex. 6, 7c]** stated that the company was not successful and closed in December 2014.

According to **[REDACTED, FOIA Ex. 6, 7c]**, there is no overlapping of functions, such as IT, accounting, or human resources between the companies. Other than using the same type of Microsoft Software, the functions of each company are handled separately. Each company has its own human resources department. **[REDACTED, FOIA Ex. 6, 7c]** stated that the human resource employees know one another but he does not know of instances with joint hiring. **[REDACTED, FOIA Ex. 6, 7c]** was not managing the human resources staff amongst the companies. **[REDACTED, FOIA Ex. 6, 7c]** stated that some employees have quit one company and gone to work for another but that employees were not transferred from one to the other. Each company has its own separate and distinct workforce. They are not a shared workforce.

As a requirement in the sales agreement for Skyline, **[REDACTED, FOIA Ex. 6, 7c]** has to act as a consultant for Skyline for approximately two years. **[REDACTED, FOIA Ex. 6, 7c]** has not received compensation for acting as a consultant. **[REDACTED, FOIA Ex. 6, 7c]**' office for his realty business is near the Skyline office so he stops by Skyline frequently but not always with a particular purpose or objective.

[REDACTED, FOIA Ex. 6, 7c] stated that he is rarely in the Cognitive office. He could only recall being at the Cognitive office in Texas one time in the last year. If he previously went to the Cognitive office, it was not for a work purpose as he has never worked for Cognitive.

[REDACTED, FOIA Ex. 6, 7c] is not in the Pro-Sphere office often because he is not involved in running the day-to-day operations. **[REDACTED, FOIA Ex. 6, 7c]** is in the Proforce office more frequently and is the former Chief Executive Officer.

Approximately two to three years ago, **[REDACTED, FOIA Ex. 6, 7c]** hired **[REDACTED, FOIA Ex. 6, 7c]**to work at Skyline. **[REDACTED, FOIA Ex. 6, 7c]** is a former SBA employee. **[REDACTED, FOIA Ex. 6, 7c]** brought Snyder in to Skyline to look at SBA regulations including affiliation. **[REDACTED, FOIA Ex. 6, 7c]** is now the contracts manager at Skyline. **[REDACTED, FOIA Ex. 6, 7c]** became concerned because his daughter is in business and saw a slide show about affiliation that she showed to **[REDACTED, FOIA Ex. 6, 7c]**. **[REDACTED, FOIA Ex. 6, 7c]** recalled **[REDACTED, FOIA Ex. 6, 7c]**looking at his ownership in Skyline and Pro-Sphere. Snyder explained that by owning 45% of a company, **[REDACTED, FOIA Ex. 6, 7c]** could be deemed to be in control and that could raise potential affiliation issues. When Snyder made **[REDACTED, FOIA Ex. 6, 7c]** aware of the potential issues, **[REDACTED, FOIA Ex. 6, 7c]** sold his ownership interest in Skyline. At the time, **[REDACTED, FOIA Ex. 6, 7c]** was not concerned about him being considered to have control over Pro-Sphere since **[REDACTED, FOIA Ex. 6, 7c]** was a strong owner who controlled the company. The deal to purchase Proforce happened after **[REDACTED, FOIA Ex. 6, 7c]** sold Skyline.

[REDACTED, FOIA Ex. 6, 7c] met **[REDACTED, FOIA Ex. 6, 7c]** IMS through a friend of a friend. He did not know **[REDACTED, FOIA Ex. 6, 7c]**prior to buying part of IMS. **[REDACTED, FOIA Ex. 6, 7c]** explained that **[REDACTED, FOIA Ex. 6, 7c]**was having trouble with IMS and wanted **[REDACTED, FOIA Ex. 6, 7c]** to buy out **[REDACTED, FOIA Ex. 6, 7c]** business partners. **[REDACTED, FOIA Ex. 6, 7c]** explained that he had hoped that he could help **[REDACTED, FOIA Ex. 6, 7c]**make IMS successful but that it did not work out and the company closed.

[REDACTED, FOIA Ex. 6, 7c] stated that he rarely worked on Skyline's bid proposals. **[REDACTED, FOIA Ex. 6, 7c]** has not made any bidding decisions in over three years. He relied on others to make the decisions regarding proposals. He recalled working on bidding early on at Skyline but that function was delegated as Skyline grew. **[REDACTED, FOIA Ex. 6, 7c]** stated that there was teaming between the companies and that it was not unusual to have different primes depending on the circumstances of the solicitation. For example, past performance and experience would factor in to deciding who would be the potential prime contractor. He stated that other than decisions at Proforce, he made very few decisions and that at Skyline, Sumrall made the decisions.

[REDACTED, FOIA Ex. 6, 7c] received his last payment of salary from Skyline in approximately October 2013. He has not received any consulting payments since that time but he did receive subsequent ownership distributions.

None of the companies **[REDACTED, FOIA Ex. 6, 7c]** has, or had, ownership interest in were ever the subject of SBA size determinations or any contract award protests. Skyline, Pro-Sphere, Proforce, IMS, and Cognitive provide services and not supplies. Pro-Sphere is an IT company and Cognitive focuses on child and youth services.

The information obtained in the interviews did not corroborate the allegations of the complainant.

Conclusion

While it appears that **[REDACTED, FOIA Ex. 6, 7c]** has ties to several of the entities listed in the complaint, no evidence has been found to corroborate the allegations of affiliation and the hiding of ownership interest on the part of **[REDACTED, FOIA Ex. 6, 7c]**. Additionally, no size or bid protests have been filed involving the entities outlined in the complaint. Without further evidence to substantiate the allegations, the reporting agent recommends closing this investigation.

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, FOIA EX. 6, 7C]
Approved by:	[REDACTED, FOIA EX. 6, 7C]

REPORT OF INVESTIGATION

CASE#: W-CC-10-0291-I	**DATE OF REPORT:** December 1, 2016
CASE TITLE: CORNERS CONSTRUCTION	
PERIOD OF INVESTIGATION: August 9, 2010 **TO** December 1, 2016	
CASE AGENT: [REDACTED, FOIA EX. 6, 7C]	
DISTRIBUTION:	

SUMMARY

On May 3, 2010, the Government Accountability Office (GAO) provided the U.S. Small Business Administration (SBA), Office of Inspector General (OIG) with a referral alleging that Corners Construction, LLC (Corners) subcontracted 100% of its Service Disabled Veteran Owned Small Business (SDVOSB) contract to a large firm doing business as ISS Facility Services (ISS). The referral alleged violation of work requirements regarding the SDVOSB program. It was also alleged that Corners and its counsel may have submitted falsified documents in order to influence an investigation or the administration of the SDVOSB program.

Corners provided GAO, House Small Business Committee, Veterans Affairs (VA), and SBA with a letter, a lease agreement, and invoices claiming Corners was in compliance with SDVOSB percentage of work requirements. According to a letter from ISS, the lease agreement and other documents were backdated and invoices were revised at Corners' request to make invoicing consistent with the SBA requirements. The investigation revealed that, among other subcontractors, Corners circumvented SBA requirements to gain access to 8a contract opportunities. The case was closed due to **[REDACTED, FOIA EX. 5]** **(Exhibit 1)**

This investigation pursued possible Federal violations of US Criminal Codes; False Statements, 18 USC 1001; Wire Fraud 18 USC 1843; Major Fraud against the United States, 18 USC 1031 and False Claims 18 USC 287

DETAILS

Allegation: Corners backdated documents provided to the SBA to give the appearance the employees were Corners employees, rather than subcontractors, affecting the percentage of work requirements by Corners to perform at least 51% of the project with its own employees.

On September 15, 2010, Special Agent (SA) **[REDACTED, FOIA EX. 6, 7C]** interviewed **[REDACTED, FOIA EX. 6, 7C]** VA Contracting Officer, regarding VA Hospital contracts awarded to Corners. **[REDACTED, FOIA EX. 6, 7C]** claimed he met with ISS employee **[REDACTED, FOIA EX. 6, 7C]**approximately three times. Within these meetings **[REDACTED, FOIA EX. 6, 7C]** explained requirements that Corners must complete 51% of the work associated with the SDVOSB contract. **(Exhibit 2)**

September 24, 2010, Federal Bureau of Investigation (FBI) SA **[REDACTED, FOIA EX. 6, 7C]** interviewed **[REDACTED, FOIA EX. 6, 7C]** who claimed he was ISS's "Corporate Scapegoat" over the Corners contract issues. **(Exhibit 3)**

On October 7, 2010, SA **[REDACTED, FOIA EX. 6, 7C]** interviewed **[REDACTED, FOIA EX. 6, 7C]** **[REDACTED, FOIA EX. 6, 7C]**, ISS Office Manager, and **[REDACTED, FOIA EX. 6, 7C]** ISS General Manager. **[REDACTED, FOIA EX. 6, 7C]** reported that Corners' **[REDACTED, FOIA EX. 6, 7C]** did not have proper experience in construction service oversight which was evidenced by continuous mistakes in accuracy and billing details. Both **[REDACTED, FOIA EX. 6, 7C]** reported that the "Corners Billing Contract" was contractual and that the billing for Corners was divided between Janitorial Services and Administrative Services. Both agreed that **[REDACTED, FOIA EX. 6, 7C]**would have known about changing the billing to project 51% of the bill under Administrative Services and 49% of the bill under Janitorial Services. **[REDACTED, FOIA EX. 6, 7C]**were both asked if this was a common billing practice, both claimed it was not a common practice, it was however the way Corners wanted it. ISS agreed to bill this way because it did not affect payment. Both **[REDACTED, FOIA EX. 6, 7C]**reported ISS completed all work for Corners using its own ISS employees. **(Exhibit 4) (Exhibit 5)**

On November 10, 2010, simultaneous Search Warrants were executed at **[REDACTED, FOIA EX. 6, 7C]** residence and at the Corners Construction business location. On this same date, a consensual search was conducted at **[REDACTED, FOIA EX. 6, 7C]** residence. Items were seized at all three locations. Items seized include multiple indications of Corners Construction's knowledge of SBA contractual rules and the formation of a straw business. **(Exhibit 6) (Exhibit 7)**

On January 10, 2011, SBA suspended Corners Construction, B&C Construction (also known as B&C Facility Services) and **[REDACTED, FOIA EX. 6, 7C]**from government contracting. **(Exhibit 8) (Exhibit 9)**

On May 16, 2012, AUSA **[REDACTED, FOIA EX. 6, 7C]**verbally requested agents investigate three other contracts involving Corners, where Corners subcontracted 100% of the awarded

work. SA**[REDACTED, FOIA EX. 6, 7C]**spoke to Contracting Officer **[REDACTED, FOIA EX. 6, 7C]**regarding a USDA SDVOSB Set-Aside contract that was awarded to B&C Construction. Hastie said 100% of the actual work was completed by subcontractors. **[REDACTED, FOIA EX. 6, 7C]** also claimed to have never heard of **[REDACTED, FOIA EX. 6, 7C]**. **(Exhibit 10)**

On May 24, 2012 VA-OIG SA **[REDACTED, FOIA EX. 6, 7C]**and SA **[REDACTED, FOIA EX. 6, 7C]** interviewed **[REDACTED, FOIA EX. 6, 7C]** regarding a VA Set-Aside contract awarded to Corners. Both **[REDACTED, FOIA EX. 6, 7C]**claimed 100% of the work was completed by subcontractors. Neither **[REDACTED, FOIA EX. 6, 7C]**knew who **[REDACTED, FOIA EX. 6, 7C]**was, yet **[REDACTED, FOIA EX. 6, 7C]** claimed he spoke to **[REDACTED, FOIA EX. 6, 7C]**daughter one time regarding a billing issue. **(Exhibit 11) (Exhibit 12) (Exhibit 13)**

On November 29, 2012, SA **[REDACTED, FOIA EX. 6, 7C]** interviewed four employees, ISS Supervisor **[REDACTED, FOIA EX. 6, 7C]**, ISS employee **[REDACTED, FOIA EX. 6, 7C]**, ISS employee **[REDACTED, FOIA EX. 6, 7C]**. All of these individuals worked on the Palo Alto contract awarded to Corners. All interviewed stated they were at all times ISS employees and took direction from ISS supervisory personnel. Throughout the months of December 2012 and January 2013, other SAs interviewed additional employees assigned to other Corners Construction and B&C Construction contracts. Interviews discovered similar results indicated by statements such as "Corners Construction was a briefcase construction company." **(Exhibit 14) (Exhibit 15) (Exhibit 16) (Exhibit 17) (Exhibit 18) (Exhibit 19)**

Due to **[REDACTED, FOIA EX. 5]**and the statute of limitations running out in January 2016, this case was not further pursued by the DOJ; therefore this case is now closed.

SUBJECTS

[REDACTED, FOIA EX. 6, 7C]

JUDICIAL/ADMINISTRATIVE ACTIONS

No action taken. Case being closed due to **[REDACTED, FOIA EX. 5]**

DISPOSITION OF EVIDENCE

There were no original documents or other evidence inventoried during this investigation. Copies of pertinent records will be retained in the case file to be destroyed at a later date in adherence to SBA policy.

STATUS

Case closed.

EXHIBITS

Exhibit #	Description
1	Case Initiation, Dated 08/09/2010
2	MOI - VA Contracting Officer **[REDACTED, FOIA EX. 6, 7C]** Dated
3	MOI - ISS Employee **[REDACTED, FOIA EX. 6, 7C]**, Dated 09/27/2010
4	MOI - Interview of **[REDACTED, FOIA EX. 6, 7C]**Dated 10/07/2010
5	MOI - Interview of **[REDACTED, FOIA EX. 6, 7C]**, Dated 10/07/2010
6	MOA - Search Warrant at 25 Bellarmine, Dated 11/20/2010
7	MOA - Search Warrant at 675 Sunset Drive, Dated 11/20/2010
8	SAR - Suspension of Corners, **[REDACTED, FOIA EX. 6, 7C]** and B&C Facility Services,
9	SAR - Attachment to Suspension, Dated 01/12/2011
10	MOI - USDA Contracting Officer **[REDACTED, FOIA EX. 6, 7C]**, Dated
11	MOI - Accent Paving's **[REDACTED, FOIA EX. 6, 7C]**, Dated 05/31/2012
12	Attachment to Interview of Accent Paving's **[REDACTED, FOIA EX. 6, 7C]**, Dated 05/31/2012
13	MOI - National Cemetery Director **[REDACTED, FOIA EX. 6, 7C]**, Dated
14	MOI - ISS Employee **[REDACTED, FOIA EX. 6, 7C]**, Dated 11/27/2012
15	MOI - ISS Employee **[REDACTED, FOIA EX. 6, 7C]**, Dated 11/27/2012
16	MOI - ISS Employee **[REDACTED, FOIA EX. 6, 7C]**, Dated 11/27/2012
17	MOI - ISS Employee **[REDACTED, FOIA EX. 6, 7C]**, Dated 11/27/2012
18	MOI - ISS Employee **[REDACTED, FOIA EX. 6, 7C]**, Dated 02/28/2013
19	MOA- Received Payment Records from **[REDACTED, FOIA EX. 6, 7C]**,

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, Ex. 6, 7c]
Approved by:	[REDACTED, EX. 6, 7C]

REPORT OF INVESTIGATION

CASE#: W-CC-10-0384-I	**DATE OF REPORT:** December 12, 2015
CASE TITLE: RONJON RENTALS/VANTEX SERVICE CORP. JOINT VENTURE	
PERIOD OF INVESTIGATION: July 22, 2010 **TO** July 9, 2015	
CASE AGENT: [REDACTED, EX. 6, 7C]	
DISTRIBUTION:	

SUMMARY

On July 22, 2010, the Small Business Administration (SBA) Office of Inspector General (OIG) received a referral based on a report from the U.S. Government Accountability Office (GAO) regarding the Joint Venture (JV) between Ronjon Rentals (Ronjon) and Vantex Service Corporation (Vantex), an Austin, Texas firm in the SBA's Service Disabled Veteran Owned Small Business (SDVOSB) procurement program. The GAO report provided information on ten case-study firms that received approximately $100 million from SDVOSB contracts through fraud or abuse of the program, or both. GAO reviewed information related to the SDVOSB program since the inception of the program in 2003 through 2009. One of the firms identified in the report was the Ronjon/Vantex JV which was identified as case number five. Specifically, it was alleged Ronjon and its joint ventures were ineligible because the non-SDVOSB performs the work; the two firms were determined ineligible during a bid protest; and after the SBA determination, the Vantex, the non-SDVOSB, used another SDVOSB joint venture, DAV Prime, Inc., to continue to receive SDVOSB contracts; and the Service-Disabled Veteran lives over 1,800 miles from the contract performance location. **(Exhibit 1)**

DETAILS

Allegation: [REDACTED, Ex. 6, 7c] defrauded the US Government while participating in the SBA's SDVOSB procurement program.

On October 5, 2010, SBA-OIG and US Army Criminal Investigation Division (CID) interviewed **[REDACTED, Ex. 6, 7c]** **[REDACTED, Ex. 6, 7c]** contacted **[REDACTED, Ex. 6, 7c]** regarding Vantex entering into a JV with Ronjon. **[REDACTED, FOIA Ex. 6, 7c]** advised he worked for Vantex for a few years beginning in 1994. **[REDACTED, Ex. 6, 7c]** then claimed he did not recall whose idea it was to enter into a JV. **[REDACTED, Ex. 6, 7c]** claimed he was

unaware of Vantex's business dealings outside of the Ronjon/Vantex JV. He believed Vantex entered the information in the Online Representations and Certification Application database and the Central Contractor Registration. He did not recall being involved in another firm, but admitted to his signature on the incorporation papers for DAV Prime, Inc. He said he had no involvement in that company and was not aware they received over $5 million in contracts from the Govenrment. **(Exhibit 2) (Exhibit 3)**

On October 7, 2010, SBA-OIG and CID interviewed **[REDACTED, Ex. 6, 7c]** who was the contracting officer responsible for the Ronjon/Vantex JV contract on Fort Erwin, California. Proctor advised that her main points of contact for Ronjon/Vantex JV were **[REDACTED, Ex. 6, 7c]** **[REDACTED, Ex. 6, 7c]** was not aware **[REDACTED, Ex. 6, 7c]** was a former Vantex employee and was unaware who was paying **[REDACTED, Ex. 6, 7c]** wages. **[REDACTED, Ex. 6, 7c]** stated she relies heavily on the online information and certifications provided by the SBA. The JV contract ended in August 2010 and Ronjon won the subsequent contract without the assistance of Vantex. Proctor is happy with their work. **(Exhibit 4)**

Due to the age of the case, higher priority matters, and lack of resources, this case is closed.

SUBJECTS

Name/Title: **[REDACTED, Ex. 6, 7c]**
NCIC/III/NLETS criminal history checks for **[REDACTED, Ex. 6, 7c]** revealed no criminal history.

Name/Title: **[REDACTED, Ex. 6, 7c]**
NCIC/III/NLETS criminal history checks for Sullivan revealed no criminal history.

JUDICIAL/ADMINISTRATIVE ACTIONS

No action taken. **[REDACTED, FOIA Ex. 5]**

DISPOSITION OF EVIDENCE

There were no original documents or other evidence inventoried during this investigation. Copies of pertinent records will be retained in the case file to be destroyed at a later date in adherence to SBA policy.

STATUS

Case closed.

EXHIBITS

Exhibit #	Description
1	Case Initiation, Dated July 22, 2010
2	MOI of **[REDACTED, Ex. 6, 7c]** Interview, Dated October 5, 2010
3	Attachments to the **[REDACTED, Ex. 6, 7c]** MOI from October 5, 2010
4	CID MOI of **[REDACTED, Ex. 6, 7c]**, Dated October 7, 2010

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, FOIA EX. 6, 7C]
Approved by:	[REDACTED, FOIA EX. 6, 7C]

REPORT OF INVESTIGATION

CASE#: W-CC-11-0030-I	**DATE OF REPORT:** January 7, 2016
CASE TITLE: COUNTERTRADE PRODUCTS	
PERIOD OF INVESTIGATION: December 28, 2010 **TO** December 7, 2015	
CASE AGENT: [REDACTED, FOIA EX. 6, 7C]	
DISTRIBUTION: SBA/OIG CASE FILE	

SUMMARY

On December 28, 2010, the Small Business Administration/Office of Inspector General (SBA/OIG) opened an official case on Countertrade Products (CT) after a request from Civil Assistant U.S. Attorney, **[REDACTED, FOIA EX. 6, 7C]**. This multi-agency case was initially opened by the Defense Criminal Investigative Service (DCIS) on about June 7, 2010, based on information originally provided by the SBA/OIG. Allegations were made that CT submitted false statements and false claims when invoices were submitted to the U.S. government for payment. CT falsely used the company identity of Reality Technology, Inc. (Reality) to receive preferential consideration in being awarded U.S. Government contracts under the SBA 8(a) program. Initial calculations showed that CT received over $17 million in Government contracts.

Reality was terminated from the SBA 8(a) program on November 21, 2012, after SBA Office of Hearings and Appeals (OHA) declined Reality's Motion to Dismiss the case. Reality filed a Motion for Reconsideration which OHA denied on May 3, 2013, making the termination final. OHA reaffirmed SBA's decision to terminate Reality for failing to perform the required percentage of work and allowing control by CT (a non-8(a) company). No action was taken against CT. AUSA **[REDACTED, FOIA EX. 6, 7C]** declined civil action in this case.

DETAILS

Allegation: Countertrade Products fraudulently used Reality Technology, Inc. and it's status as an SBA 8(a) company in order to obtain U.S. Government contracts and submitted false invoices for payment, all in violation of the False Claims Act (31 U.S.C. 3729- 3733).

On December 28, 2010, the SBA/OIG opened an official case on CT after a request from Civil Assistant U.S. Attorney, **[REDACTED, FOIA EX. 6, 7C]**. This multi-agency case was initially opened by DCIS on about June 7, 2010, based on information originally provided by the SBA/OIG. Allegations were made that CT submitted false statements and false claims when invoices were submitted to the U.S. government for payment. CT falsely used the company identity of Reality to receive preferential consideration in being awarded U.S. Government contracts under the SBA 8(a) program. Initial calculations showed that CT received over $17 million in Government contracts. (Exhibit 1)

[REDACTED, FOIA EX. 6, 7C] SBA Lead Supervisory Business Opportunity Specialist (BOS), stated that while CT was in the 8(a) program, they were part of her portfolio of companies. **[REDACTED, FOIA EX. 6, 7C]** said that even though **[REDACTED, FOIA EX. 6, 7C]**was the owner on paper, her husband **[REDACTED, FOIA EX. 6, 7C]**seemed to be the one running the company. (Exhibit 2)

[REDACTED, FOIA EX. 6, 7C] advised that at some point CT and another 8(a) company called Reality had a disagreement concerning their shared lockbox. At this point **[REDACTED, FOIA EX. 6, 7C]** became aware that CT (now a former 8(a) company) and Reality had signed a teaming agreement. After looking at the teaming agreement, **[REDACTED, FOIA EX. 6, 7C]** advised this was not a good deal for Reality and they should never have agreed to such terms with CT. It did not make sense for Reality to enter into this agreement which only provided a .5% profit for them. She advised that this agreement was also troubling because it might have made Reality "other than small" because of the CT affiliation.
[REDACTED, FOIA EX. 6, 7C] also stated Reality owner **[REDACTED, FOIA EX. 6, 7C]** works full-time for the city of Kansas City and can't possibly be the daily manager of Reality as required by SBA regulations. (Exhibit 2)

[REDACTED, FOIA EX. 6, 7C] said SBA discovered that CT employees were working on a project with DatamanUSA, LLC (Dataman), another SBA 8(a) company. **[REDACTED, FOIA EX. 6, 7C]** asked Dataman Owner**[REDACTED, FOIA EX. 6, 7C]** about the project and she acknowledged that CT employees were involved. **[REDACTED, FOIA EX. 6, 7C]** said it was a mistake and a one-time only thing. (Exhibit 2)

[REDACTED, FOIA EX. 6, 7C] stated that she first became familiar with CT in early 2009 after working with them on a project in New Mexico. Dataman initially started in 2000 as product reseller. Dataman now has 32 employees and provides staffing services. **[REDACTED, FOIA EX. 6, 7C]** stated as a reseller she would find contracts and then find a subcontractor like CT. She would get a quote from her subcontractor and add her Dataman profit margin before sending out her bid on a project. She did not rely on any other company to tell her what to bid. She had the subcontractor ship the product directly to the customer. CT was not always the subcontractor and CT employees were not employed by Dataman. **[REDACTED, FOIA EX. 6, 7C]** did not feel bullied by CT and was never told by CT that Dataman was needed so they could obtain 8(a) contracts. After being advised that CT employee **[REDACTED, FOIA EX. 6, 7C]** was listed on one of Dataman's purchase orders as the contact person, **[REDACTED, FOIA EX. 6, 7C]** stated she was not sure how that name got on the purchase order. (Exhibit 3)

[REDACTED, FOIA EX. 6, 7C], Contracting Officer Representative/Buyer, Lackland Air Force Base, stated that for the Lackland contract he communicated initially with **[REDACTED, FOIA Ex. 6, 7c]** from CT. **[REDACTED, FOIA EX. 6, 7C]** discovered that CT was no longer in the SBA 8(a) program and contacted **[REDACTED, FOIA EX. 6, 7C]**. **[REDACTED, FOIA EX. 6, 7C]** advised that CT works with Dataman which was an 8(a) company. **[REDACTED, FOIA EX. 6, 7C]** agreed to use Dataman but continued to work with **[REDACTED, FOIA EX. 6, 7C]** because no one at Dataman would return his calls. (Exhibit 4)

[REDACTED, FOIA EX. 6, 7C] also had dealings with Reality on a separate contract. Reality recently complained that the Air Force negotiated, sent to, and transacted directly with CT and not Reality regarding their 8(a) contract**[REDACTED, FOIA EX. 6, 7C]** advised that the Reality situation was very similar to the Dataman situation.
(Exhibit 4)

AUSA**[REDACTED, FOIA EX. 6, 7C]** initially declined this case for civil action on about October 10, 2012. However she later agreed to hold the case open while Air Force Office of Special Investigation (OSI) investigated new allegations they received regarding the false women-owned status being claimed by CT. In addition, OSI began pursuing debarment action. AUSA **[REDACTED, FOIA EX. 6, 7C]** advised on December 2, 2015, that this case was officially closed and no further action would be considered.

SBA/OIG pursued administrative action in this case. Reality was terminated from the SBA 8(a) program on November 21, 2012, after SBA Office of Hearings and Appeals (OHA) declined Reality's Motion to Dismiss the case. Reality filed a Motion for Reconsideration which OHA denied on May 3, 2013, making the termination final. OHA reaffirmed SBA's decision to terminate Reality for failing to perform the required percentage of work and allowing control by CT (a non-8(a) company). No SBA action was taken against CT. No debarment action on CT was obtained by OSI. OSI has prepared their own closing report regarding this case, with the focus on their nexus. (Exhibits 5 & 6)

SUBJECTS

Countertrade Products
7585 West 66th Ave.
Arvada, CO. 80003

[REDACTED, FOIA EX. 6, 7C]

Reality Technology, Inc.
2444 Washington St. #215
Denver, CO. 80205

DatamanUSA, LLC
6890 S. Tucson Way #100
Centennial, CO. 80112

JUDICIAL/ADMINISTRATIVE ACTIONS

Reality was terminated from the SBA 8(a) program on November 21, 2012, after SBA Office of Hearings and Appeals (OHA) declined Reality's Motion to Dismiss the case. Reality filed a Motion for Reconsideration which OHA denied on May 3, 2013, making the termination official.

DISPOSITION OF EVIDENCE

No physical evidence

STATUS

Closed

EXHIBITS

Exhibit #	Description
1	DCIS Case Initiation, June 7, 2010.
2	Memorandum of Interview, **[REDACTED, FOIA EX. 6, 7C]**, April 27, 2011.
3	Memorandum of Interview, **[REDACTED, FOIA EX. 6, 7C]**, March 2, 2012.
4	Memorandum of Interview, **[REDACTED, FOIA EX. 6, 7C]**, May 16, 2011.
5	Significant Activity Report, May 23, 2013.
6	Memorandum of Activity, SBA OHA documents, May 28, 2013.

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	**[REDACTED, Ex. 6, 7c]**
Approved by:	**[REDACTED, Ex. 6, 7c]**

REPORT OF INVESTIGATION

CASE#: W-CC-11-0167-I	**DATE OF REPORT: April 1, 2016**
CASE TITLE: HUGO ALONSO, INC.	
PERIOD OF INVESTIGATION: March 24, 2011 **TO** July 9, 2015	
CASE AGENT: [REDACTED, Ex. 6, 7c]	
DISTRIBUTION:	

SUMMARY

On March 24, 2011, the Small Business Administration (SBA) Office of the Inspector General (OIG) was telephonically contacted by Special Agent **[REDACTED, Ex. 6, 7c]** U.S. Department of Defense (DoD), Defense Criminal Investigative Service (DCIS), OIG, telephone number **[REDACTED, Ex. 6, 7c]** **[REDACTED, Ex. 6, 7c]** stated that on March 23, 2011, he was contacted by San Diego Federal Bureau of Investigations (FBI) Special Agent **[REDACTED, Ex. 6, 7c]** regarding contractor Hugo Alonso, Inc. (HAI), 1371 Presioca Street, Spring Valley, CA 91977. HAI participated in SBA's 8(a) and HUBZone programs. **[REDACTED, Ex. 6, 7c]** informed DCIS that an anonymous source reported to the FBI that HAI was involved in a kickback scheme involving federal defense contracts. It was further alleged that checks between the prime contractor and the subcontractors may have been "structured" to avoid the filing of Currency Transaction Reports by financial institutions. **(Exhibit 1)**

The investigation found that Hugo Alonso (Alonso), Bayani Abueg (Abueg), and their companies, HAI and MBR Associates, Inc. (MBR), were demanding and receiving kickbacks from subcontractors in exchange for allowing the subcontractors to work on their companies' 8(a) contracts. **(Exhibit 2)**

DETAILS

Allegation 1: Two prime contractors, Alonso and Abueg, and their companies, HAI and MBR, were receiving kickbacks from subcontractors in exchange for allowing them to work on their companies' 8(a) contracts in violation of Title 18 USC §371; Conspiracy, and Title 41 USC §52, 53 and 54; Anti-Kickback Act.

Alonso and Abueg were charged and pled guilty to receiving kickbacks from subcontractors in order to award them certain subcontracts on Camp Pendleton. The following subcontractors were charged and pled guilty to providing money and services to Alonso and Abueg in exchange for federal subcontracts: PK Excavation (PKE), owned by Paul Kay (Kay); MRN Construction, Inc., owned by Manuel Ramirez (Ramirez); MBN Group Architects, Inc. (MBN), owned by Minh Nguyen (Nguyen); and Blue Ocean Construction, Inc. (BOC), owned by Gerardo Mercado (Gerardo) and Raul Mercado (Raul). **(Exhibit 4 – 27)**

Allegation 2: Alonso and Abueg paid Government employees to award Government contracts to Alonso's and Abueg's companies, in violation of Title 18 USC §371, Conspiracy, and Title 41 USC §52, 53 and 54, Anti-Kickback Act.

The investigation revealed that early as September 2008, Natividad Lara Cervantes (Cervantes), the supervisor for Construction and Service Contracts Inspection Branch at Camp Pendleton, used his position to solicit bribes from HAI and MBR. As a result of awarding 8(a) set-a-side contracts to the companies, Cervantes received cash payments from Alonso and Abueg. Cervantes also received construction work on his condo which was paid for by HAI. Cervantes and Alonso admitted that from 2008-2011 Alonso paid Cervantes at least $74,000. Cervantes and Abueg also admitted to an additional $20,000 in bribes during that timeframe. **(Exhibit 28 – 31)**

The investigation further revealed that between 2007 and March 2014, Timothy Francis Cashman (Cashman), GSA Building Manager, also received bribes to steer government contracts to HAI and failed to report proceeds from the bribery on his federal tax returns. In one instance, Cashman demanded from Alonso $120,000 in exchange for a GSA 8(a) sole source construction contract at the Otay Mesa Point of Entry. The amount of bribe payments that HAI made to Cashman totaled $42,000. Cashman also demanded HAI provide repair work to his residence at no cost. Cashman also improperly converted government property and later improperly sold the property for $8,057.32. **(Exhibit 32 – 34)**

SUBJECTS

Name/Title: Hugo Hernandez Alonso, acting as the President and CEO of Hugo Alonso, Inc.
[REDACTED, Ex. 6, 7c]

Name/Title: Bayani Yabut Abueg Jr., acting as the President and CEO of MBR Associates, Inc.
[REDACTED, Ex. 6, 7c]

Name/Title: Natividad Lara Cervantes, DoD employee and the Supervisor for Construction and Service Contracts Inspection Branch at Camp Pendleton, CA.
[REDACTED, Ex. 6, 7c]

Name/Title: Timothy Francis Cashman, GSA building manager.
[REDACTED, Ex. 6, 7c]

Name/Title: Gerardo Ricardo Mercado, acting as President of Blue Ocean Construction, Inc.
[REDACTED, Ex. 6, 7c]

Name/Title: Raul Mercado, acting as Vice President of Blue Ocean Construction, Inc.
[REDACTED, Ex. 6, 7c]

Name/Title: Paul Dana Kay, acting as the President and CEO of PK Excavation
[REDACTED, Ex. 6, 7c]

Name/Title: Manuel Ramirez, acting as the President and CEO of MRN Construction, Inc.
[REDACTED, Ex. 6, 7c]

Name/Title: Minh Thanh Nguyen, acting as the President and CEO of MBN Group Architects, Inc.
[REDACTED, Ex. 6, 7c]

JUDICIAL/ADMINISTRATIVE ACTIONS

On January 23, 2014, an Information was filed charging Alonso with one count of Conspiracy to Bribe Public Officials and one count of violating the Anti-Kickback Act. An Information against HAI was also filed charging one count of Conspiracy to Bribe Public Officials and a violation of the Anti-Kickback Act. **(Exhibit 5)** On January 23, 2014, Alonso and HAI pled guilty to all charges. **(Exhibit 6)** On February 10, 2014, Alonso and HAI were suspended from Federal Government contracting and from directly or indirectly receiving benefits from Federal assistance programs. **(Exhibit 15)** On June 27, 2014, Alonso and HAL were sentenced. Alonso was sentenced to twelve months of prison, three years of supervised release, an assessment of $200.00, and a fine of $126,964.00. HAI received a sentence of five years of probation, a total assessment of $800.00, and a fine of $126,964 with joint and several liability. **(Exhibit 25)**

On January 23, 2014, an Information was filed charging Abueg with violating the Anti-Kickback Act and filing a False Tax Return. On the same date, an Information against MBR was also filed charging a violation of the Anti-Kickback Act. **(Exhibit 3)** On January 23, 2014, Abueg and MBR pled guilty to all charges. **(Exhibit 4)** On February 10, 2014, Abueg and MBR were suspended from Federal Government contracting and from directly or indirectly receiving benefits from Federal assistance programs. **(Exhibit 16)** On February 19, 2014, an Order of Criminal Forfeiture was charged to Cervantes. **(Exhibit 30)** On June 27, 2014, Abueg and MBR were sentenced. Abueg was sentenced to six months of prison, three years of supervised release, a total assessment of $200.00, a fine of $366,140.00, and restitution to the Internal Revenue Service of $105,025.00. MBRA received a sentence of five years of probation, an assessment of $400.00, and a fine of $375,000.00. **(Exhibit 25)**

On April 12, 2013, Cervantes pled not guilty at his arraignment to one count to commit bribery. On April 12, 2013, an Information was filed charging Cervantes with one count of bribery.

(Exhibit 28) On January 21, 2014, Cervantes pled guilty to one count of Title 18, United States Code, Section 201 (b) (2), Bribery of a Public Official; and to one count of Title 18, United States Code, Section 201 (a) and (c), Conspiracy to Commit Bribery of Public Officials. **(Exhibit 29)** On July 25, 2014, Cervantes was sentenced to twenty-four months of prison, supervised release for two years, an assessment of $200.00, and forfeiture of $106,964 from illegal proceeds. **(Exhibit 31)**

On December 18, 2014, an Information was filed charging Cashman with Conspiracy to Commit Bribery and Theft of Government Property. **(Exhibit 32)** On April 16, 2015, a Superseding Information was filed charging Cashman to one count of Conspiracy to Commit Bribery and Theft of Government Property and one count of Filing False Tax Return. April 16, 2015, Cashman pled guilty to the two crimes he was charged with. **(Exhibit 33)** On October 23, 2015, Cashman was sentenced to sixteen months of prison, supervised release for three years, and $50,057.32 in restitution. **(Exhibit 34)**

On January 28, 2014, an Information was filed charging Gerardo with violating the Anti-Kickback Act. **(Exhibit 7)** On January 28, 2014, Gerardo pled guilty to the charge. **(Exhibit 8)** On February 10, 2014, Gerardo and BOC were suspended from Federal Government contracting and from directly or indirectly receiving benefits from Federal assistance programs. **(Exhibit 17)** On April 25, 2014, Gerardo was sentenced to five years of supervised probation, sixty days of home confinement with electronic monitoring, along with several special conditions to include 200 hours of community service, a $1000 fine, and a $100 special assessment. **(Exhibit 23)**

On January 28, 2014, an Information was filed charging Raul with violating the Anti-Kickback Act. **(Exhibit 9)** On January 28, 2014, Raul pled guilty to the charge. **(Exhibit 10)** On February 10, 2014, Raul was suspended from Federal Government contracting and from directly or indirectly receiving benefits from Federal assistance programs. **(Exhibit 18)** On April 25, 2014, Raul was sentenced to five years of supervised probation, sixty days of home confinement with electronic monitoring, along with several special conditions to include 200 hours of community service, a $1000 fine, and a $100 special assessment. **(Exhibit 23)**

On January 31, 2014, an Information was filed charging Kay with violating the Anti-Kickback Act. **(Exhibit 11)** On January 31, 2014, Kay pled guilty to the charge. **(Exhibit 12)** On February 28, 2014, Kay and PKE were suspended from Federal Government contracting and from directly or indirectly receiving benefits from Federal assistance programs. **(Exhibit 20)** On May 23, 2014, Kay was sentenced to five years of supervised probation, a $5000 fine, and a $100 special assessment. **(Exhibit 24)**

On January 31, 2014, an Information was filed charging Ramirez with violating the Anti-Kickback Act. **(Exhibit 13)** On January 31, 2014, Ramirez pled guilty to the charge. **(Exhibit 14)** On February 28, 2014, Ramirez and MRN were suspended from Federal Government contracting and from directly or indirectly receiving benefits from Federal assistance programs. **(Exhibit 22)** On April 25, 2014, Ramirez was sentenced to five years of supervised probation, sixty days of home confinement with electronic monitoring, and a $100 assessment. **(Exhibit 23)**

On February 11, 2014, an Information was filed charging Nguyen with violating the Anti-Kickback Act. **(Exhibit 19)** On February 28, 2014, Nguyen and MBN were suspended from Federal Government contracting and from directly or indirectly receiving benefits from Federal assistance programs. **(Exhibit 21)** On July 8, 2014, Nguyen pled guilty to violating the Anti-Kickback Act. **(Exhibit 26)** On October 3, 2014, Nguyen was sentenced to a probationary sentence of three years, a $10,000 fine, and a $100 assessment. **(Exhibit 27)**

DISPOSITION OF EVIDENCE

There were no original documents or other evidence inventoried during this investigation. Copies of pertinent records will be retained in the case file to be destroyed at a later date in adherence to SBA policy.

STATUS

Case closed.

EXHIBITS

Exhibit #	Description
1	CI - Case Initiation, dated March 25, 2011
2	MOI - FBI Proffer Abueg, dated January 30, 2013
3	ODT - Information filed for Abueg, dated January 23, 2014
4	ODT - Plea Agreement Abueg, dated January 23, 2014
5	ODT - Information filed for Alonso, dated January 23, 2014
6	ODT - Plea Agreement Alonso, dated January 23, 2014
7	ODT - Information filed for Gerardo, dated January 28, 2014
8	ODT - Plea Agreement Gerardo Mercado, January 28, 2014
9	ODT - Information filed for Raul, dated January 28, 2014
10	ODT - Plea Agreement Raul Mercado, January 28, 2014
11	ODT - Information filed for Kay, dated January 31, 2014
12	ODT - Plea Agreement Paul Kay, January 31, 2014
13	ODT - Information filed for Manuel, dated January 31, 2014
14	ODT - Plea Agreement Manuel Ramirez, January 31, 2014
15	ODT - Alonso and HAI Suspension Letter, dated February 10, 2014
16	ODT - Abueg and MBR Suspension Letter, dated February 10, 2014
17	ODT - Gerardo and BOC Suspension Letter, dated February 10, 2014
18	ODT - Raul Suspension Letter, dated February 10, 2014
19	ODT - Information filed for Nguyen, dated February 11, 2014
20	ODT - Kay and PKE Suspension Letter, dated February 28, 2014
21	ODT - Nguyen and MBN Suspension Letter, dated February 28, 2014
22	ODT - Ramirez and MRN Suspension Letter, dated February 28, 2014
23	SAR - Gerardo Mercado, Raul Mercado, and Ramirez Sentencing, dated April 25, 2014
24	SAR - Kay Sentencing, dated May 23, 2014
25	SAR - Alonso, HAI, Abueg, and MBR Sentencing, dated July 2, 2014
26	ODT - Plea Agreement for Nguyen, dated July 8, 2014
27	SAR - Nguyen Sentencing, dated October 6, 2014
28	ODT - Information Filed for Cervantes, dated April 16, 2013
29	ODT - Plea Agreement Cervantes, dated January 21, 2014
30	ODT - Order of Criminal Forfeiture for Cervantes, dated February 19, 2014
31	SAR - Cervantes Sentencing, dated July 29, 2014
32	ODT - Information filed for Cashman, dated December 18, 2014
33	SAR - Cashman Charged and Guilty Plea, dated April 17, 2015
34	ODT - Cashman Sentencing, dated October 23, 2015

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED FOIA EX. 6/7C
Approved by:	REDACTED FOIA EX. 6/7C

REPORT OF INVESTIGATION

CASE#: W-IA-14-0275-I	**DATE OF REPORT:** September 30, 2015
CASE TITLE: REDACTED FOIA EX. 6/7C	
PERIOD OF INVESTIGATION: March 14, 2014 **TO** December 17, 2014	
CASE AGENT: REDACTED FOIA EX. 6/7C	
DISTRIBUTION:	

SUMMARY

On March 14, 2014 Special Agent in Charge [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, US Small Business Administration (SBA), Office of Inspector General (OIG) received a call from a confidential source, CS-W-14-2 (hereinafter "source"). Within the call, source alleged source's supervisor [redacted] **[REDACTED, FOIA Ex. 6, 7c]** had given unfair performance ratings and forced loan approvals. Source also inferred improper business relationships, specifically mentioning possible improper relations with Banc-Serv, Avana, and Park Bank.

On March 19, 2014 source re-contacted [redacted] **[REDACTED, FOIA Ex. 6, 7c]** alleging [redacted] **[REDACTED, FOIA Ex. 6, 7c]** may have retaliated for contacting the OIG. Source said when source came into the office on March 18th, source was unable to log onto the computer shared drives because permissions had been changed. Additionally, source's client notebook/binder had been removed from working area. Source later learned a co-worker [redacted] **[REDACTED, FOIA Ex. 6, 7c]** reported to [redacted] **[REDACTED, FOIA Ex. 6, 7c]** that source had contacted the OIG.

Due to the referral, an investigation was conducted by SBA-OIG Special Agent [redacted] **[REDACTED, FOIA Ex. 6, 7c]** (RA). **(Exhibit 1)**

Results of the investigation revealed no criminal wrongdoing.

DETAILS

On August 13, 2014, RA received and began review of emails stored on the SBA server related to SBA 7a Loan Guaranty Processing Center Deputy Director, [redacted] **[REDACTED, FOIA Ex. 6, 7c]** The emails obtained span the time period of January 1, 2012 to July 29, 2014. Upon review of 26,417 emails, RA was not able to validate any of the allegations related to an improper relationship between [redacted] **[REDACTED, FOIA Ex. 6, 7c]** and other servicing agencies. Additionally, RA could not validate any acts of employee retaliation. RA did however locate an email chain from Banc-Serv's Senior Relationship Manager elevating a loan to the SBA which was denied by the SBA Loan Specialist. Within the email chain, [redacted] **[REDACTED, FOIA Ex. 6, 7c]** agreed with the declination justification given by the SBA Loan Specialist and stated he could not dictate a credit decision. **(Exhibit 2)**

On September 2nd and 3rd 2014, RA interviewed the following SBA 7a Loan Guaranty Purchase Center employees:

[redacted] **[REDACTED, FOIA Ex. 6, 7c]**
[REDACTED, FOIA Ex. 6, 7c]
[REDACTED, FOIA Ex. 6, 7c]
[REDACTED, FOIA Ex. 6, 7c]
[REDACTED, FOIA Ex. 6, 7c]
[REDACTED, FOIA Ex. 6, 7c]
[REDACTED, FOIA Ex. 6, 7c]
[REDACTED, FOIA Ex. 6, 7c]

On September 8, 2014, RA made telephonic contact with Assistant United States Attorney (AUSA) [redacted] ([redacted]) **[REDACTED, FOIA Ex. 6, 7c]**, United States Attorney's Office, Eastern District of California who declined the case for criminal prosecution. **(Exhibit 12)**

On September 10, 2014, RA interviewed:

[redacted] **[REDACTED, FOIA Ex. 6, 7c]**

The majority of employees have common complaints regarding how they are being scored for performance reviews by [redacted] **[REDACTED, FOIA Ex. 6, 7c]** Not one employee voiced objective knowledge of any theft within the center, bribery or any other fraudulent acts being perpetrated by [redacted] **[REDACTED, FOIA Ex. 6, 7c]** or anyone else.

SUBJECTS

[redacted] **[REDACTED, FOIA Ex. 6, 7c]**

JUDICIAL/ADMINISTRATIVE ACTIONS

On September 8, 2014, Assistant United States Attorney (AUSA) [redacted] **[REDACTED, FOIA Ex. 6, 7c]**, United States Attorney's Office, Eastern District of California declined the case for criminal prosecution.

DISPOSITION OF EVIDENCE

N/A

STATUS

Case closed

EXHIBITS

Exhibit #	Description
1	Case Initiation
2	MOA- Email Review
3	[redacted] **[REDACTED, FOIA Ex. 6, 7c]**
4	[redacted] **[REDACTED, FOIA Ex. 6, 7c]**
5	[redacted] **[REDACTED, FOIA Ex. 6, 7c]**
6	[redacted] **[REDACTED, FOIA Ex. 6, 7c]**
7	[redacted] **[REDACTED, FOIA Ex. 6, 7c]**
8	[redacted] **[REDACTED, FOIA Ex. 6, 7c]**
9	[redacted] **[REDACTED, FOIA Ex. 6, 7c]**
10	[redacted] **[REDACTED, FOIA Ex. 6, 7c]**
11	[redacted] **[REDACTED, FOIA Ex. 6, 7c]**
12	[redacted] **[REDACTED, FOIA Ex. 6, 7c]**
13	[redacted] **[REDACTED, FOIA Ex. 6, 7c]**

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIONS DIVISION

Prepared by:	[REDACTED, FOIA EX. 6, 7C]
Approved by:	[REDACTED, FOIA EX. 6, 7C]

REPORT OF INVESTIGATION

CASE#: W-CC-14-0192-I	**DATE OF REPORT:** March 2, 2016
CASE TITLE: CALIFORNIA GENERATOR SERVICE CORPORATION	
PERIOD OF INVESTIGATION: February 1, 2015 **TO** March 1, 2016	
CASE AGENT: [REDACTED, FOIA EX. 6, 7C]	
DISTRIBUTION:	

SUMMARY

On February 6, 2014, a Qui Tam complaint was filed in the Northern District of California which alleged McCann Contracting, Inc., a certified Service Disabled Veteran Owned Small Business (SDVOSB), acted as a shell pass through entity and obtained SDVOSB contracts for the benefit of California Generator Service Corporation, a larger non-eligible contractor. The Veteran Administration (VA) contracts identified in the Qui Tam complaint total approximately $1.5 million. **[REDACTED, FOIA EX. 6, 7C]**is listed as the plaintiff in the complaint. The RA investigated this case for possible violations of 31 U.S.C 3729, False Claims Act.

On March 1, 2016, AUSA **[REDACTED, FOIA EX. 6, 7C]**declined the case and indicated it would be difficult to meet the government's burden of proof under the False Claims Act.

DETAILS

Allegation 1 – [REDACTED, FOIA EX. 6, 7C] McCann Contracting Inc., an SDVOSB firm, is a shell pass through company for California Generator Service Corporation, a larger non eligible contractor.

On April 16, 2014, **[REDACTED, FOIA EX. 6, 7C]** was interviewed regarding his complaint. **[REDACTED, FOIA EX. 6, 7C]** advised from 2010 to the present, **[REDACTED, FOIA EX. 6, 7C]**, owners of California Generator Service Corporation, to obtain contracts reserved for SDVOSB small businesses at various VA medical center facilities. CA Generator is a non SDVOSB firm. **[REDACTED, FOIA EX. 6, 7C]** alleged **[REDACTED, FOIA EX. 6, 7C]** and CA Generator employees falsely certified McCann would provide at least 50 percent of the cost

of personnel in performance of the contract as required by the regulations. **[REDACTED, FOIA EX. 6, 7C]** stated **[REDACTED, FOIA EX. 6, 7C]** could not meet this contract requirement because McCann does not have any employees available to do the work (Exhibit 1).

On April 22, 2015, the RA interviewed **[REDACTED, FOIA EX. 6, 7C]** related CA Generator is his subcontractor. **[REDACTED, FOIA EX. 6, 7C]** said he has a union agreement which allows him to use **[REDACTED, FOIA EX. 6, 7C]**to perform the work on the contract. **[REDACTED, FOIA EX. 6, 7C]** said when **[REDACTED, FOIA EX. 6, 7C]** are working on his project; they are considered **[REDACTED, FOIA EX. 6, 7C]** **[REDACTED, FOIA EX. 6, 7C]** said he fully disclosed the arrangement he had with CA Generator to employees from the VA. **[REDACTED, FOIA EX. 6, 7C]** also disclosed this arrangement to SBA employee **[REDACTED, FOIA EX. 6, 7C]**. **[REDACTED, FOIA EX. 6, 7C]** said no one ever told him he was doing anything against the regulations (Exhibit 2).

On June 2, 2015, **[REDACTED, FOIA EX. 6, 7C]** was interviewed. **[REDACTED, FOIA EX. 6, 7C]** stated he was assigned to review a size protest which had been filed against **[REDACTED, FOIA EX. 6, 7C]**company. **[REDACTED, FOIA EX. 6, 7C]** stated his review was solely about the size protest and in the end he determined **[REDACTED, FOIA EX. 6, 7C]**, regardless of their affiliation, were still considered "small." **[REDACTED, FOIA EX. 6, 7C]** did state he was concerned McCann was "unduly reliant" on CA Generator and referred **[REDACTED, FOIA EX. 6, 7C]**to SBA employee **[REDACTED, FOIA EX. 6, 7C]** was SBA's Veteran Procurement Liaison officer. **[REDACTED, FOIA EX. 6, 7C]** has since retired from the SBA. **[REDACTED, FOIA EX. 6, 7C]** did not follow up to determine the status of his referral (Exhibit 3).

On November 20, 2015, **[REDACTED, FOIA EX. 6, 7C]**was re-interviewed at the US Attorney's office in Los Angeles, CA. **[REDACTED, FOIA EX. 6, 7C]** stated the union agreement allowed him to use employees from CA Generator, his subcontractor, to complete work on the contracts. **[REDACTED, FOIA EX. 6, 7C]** also said he disclosed the union agreement to the VA Contracting Officers and SBA. **[REDACTED, FOIA EX. 6, 7C]** said he was never told he was doing anything wrong (Exhibit 4).

On March 1, 2016, AUSA **[REDACTED, FOIA EX. 6, 7C]**declined the case. AUSA **[REDACTED, FOIA EX. 6, 7C]**indicated it would be difficult to prove materiality of false claims McCann allegedly made when obtaining the SDVOSB contacts because VA and SBA employees were well aware of the arrangement **[REDACTED, FOIA EX. 6, 7C]** had with CA Generator. **[REDACTED, FOIA EX. 6, 7C]**, SBA OIG legal counsel, concurred with AUSA **[REDACTED, FOIA EX. 6, 7C]**declination (Exhibit 6).

SUBJECTS

[REDACTED, FOIA EX. 6, 7C]

JUDICIAL/ADMINISTRATIVE ACTIONS

On March 1, 2016, AUSA **[REDACTED, FOIA EX. 6, 7C]**, Northern District, declined the case and stated it would be difficult to prove **[REDACTED, FOIA EX. 6, 7C]** and CA Generator knowingly made a false statement during the bid process.

DISPOSITION OF EVIDENCE

There were no original documents or other evidence inventoried during this investigation. Copies of pertinent record will be retained in the case file to be destroyed at a later date in adherence to SBA policy.

STATUS

Case closed.

EXHIBITS

Exhibit #	Description
1	VA OIG MOI, **[REDACTED, FOIA EX. 6, 7C]**4-16-2014
2	MOI **[REDACTED, FOIA EX. 6, 7C]**, 4-22-15 (see IMIS index number 22 for attachment to MOI)
3	MOI **[REDACTED, FOIA EX. 6, 7C]**, 6-2-15
4	MOI **[REDACTED, FOIA EX. 6, 7C]**, 11-20-15 (see IMIS index number 38 for attachment to MOI)
5	MOA declination, 3-1-16