

End of Year Legal News

Written by Nick Sanders
Wednesday, 28 December 2016 00:00

So here we are at the end of 2016.

We thought we would wrap-up the year with a list of some legal news. As long-time readers know, we stopped reporting most fraud stories a while ago, because they got boring. There was very little reason to sit down and type up a story about yet another fraud. Plus, there were just too many. It was too much for us.

And we don't even follow reports of healthcare fraud.

To prove our point, here's a recap from the past 30 days or so. Basically, this is just one month's worth of procurement-related fraud news, none of which--in our view--merited a stand-alone article. (The list excludes, as always, reports of healthcare fraud. Believe us: the list would have been much longer if we included the Medicare/Medicaid fraud and similar matters.)

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\$125 million FCA [settlement](#) paid by "Bechtel National Inc., Bechtel Corp., URS Corp. (predecessor in interest to AECOM Global II LLC) and URS Energy and Construction Inc. (now known as AECOM Energy and Construction Inc.)" in connection with allegations that "they made false statements and claims to the Department of Energy (DOE) by charging DOE for deficient nuclear quality materials, services, and testing that was provided at the Waste Treatment Plant (WTP) at DOE's Hanford Site near Richland, Washington. The settlement also resolves allegations that Bechtel National Inc. and Bechtel Corp. improperly used federal contract funds to pay for a comprehensive, multi-year lobbying campaign of Congress and other federal officials for continued funding at the WTP."

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Convicted [fraudster](#) ordered to forfeit \$6.7 million in connection with his conviction for "recruiting veterans as figurehead owners of a construction company in order to receive specialized government contracts."

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Two men had lengthy prison sentences [affirmed](#) on appeal for their roles in executing “the largest reported DBE fraud in the nation’s history.” Their scheme lasted for “over 15 years and involved over \$136 million in government contracts in Pennsylvania alone.”

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A woman was [charged](#) with making False Claims and False Statements for being paid for two DoD jobs at the same time. While getting paid for being a security guard for a SCIF facility, the woman was alleged to have also worked as an active duty Army intelligence officer at Fort Meade.

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A [subcontractor](#) that managed military housing agreed to pay \$1.6 million as part of a deferred prosecution agreement to resolve criminal fraud charges related to accepting “kickbacks” which may have included undisclosed insurance rebates. (We recently did a blog post on accounting for credits.) In connection with the government investigation, two individuals were convicted; both were fined and one went to jail.

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Those readers who remember the “Fat Leonard” scandal (which we’ve written about on this blog) may be interested to know that “a former [supervisory](#) contracting officer was sentenced to 72 months in prison today for accepting bribe payments in exchange for steering U.S. Navy contracts” to Fat Leonard’s company.

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ThunderCat Technology, LLC, “agreed to pay \$1 million to settle civil False Claims Act, Anti-Kickback Act, and Procurement Integrity Act [claims](#) relating to bid rigging and kickback schemes in connection with six government procurements.”

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A former Veterans Administration Chief of Podiatry and the CEO of a VA vendor were [indicted](#) by a grand jury for “health care fraud, conspiracy to pay and receive kickbacks on medical referrals, and conspiracy to commit wire fraud.” Some of the 11 counts were related to an alleged scheme to bill “the Veterans Health Administration for custom work and services that were prescribed but not supplied in shoes delivered to veterans.” (Note to readers: yes, this one was related to healthcare fraud, but if you follow the link and read the story, you’ll see it

wasn't really about healthcare fraud. It was really about common variety procurement fraud in a VA hospital.)

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GE Aviation [agreed](#) to pay \$2.55 million to settle allegations that its Italian subsidiary, Avio Aero, falsified testing reports on "gearboxes used in T700 and F110 engines in DOD helicopters and fighter jets, respectively."

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Two Northeast construction companies—along with four individuals—agreed [to pay](#) \$1 million to settle allegations of FCA violations that stemmed from "claims for reimbursement for funding earmarked for minority, women-owned, or small business that they were not entitled to receive." One company was the prime; the other was the subcontractor. Apparently both companies were aware that the subcontractor did not qualify as a disadvantaged business enterprise (DBE), yet the prime allegedly claimed awards to the subcontractor on its small business reporting to the US EPA.

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A Chinese national and lawful permanent resident of the United States [pleaded guilty](#) to various charges centered on his admitted theft of sensitive military program documents from United Technologies Corporation and transporting them to China. Charges to which the man pleaded guilty included: "one count of conspiracy to engage in the theft of trade secrets knowing that the offense would benefit a foreign government [and being a] foreign instrumentality or foreign agent, [and] one count of unlawful export and attempted export of defense articles from the U.S. in violation of the Arms Export Control Act."

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Finally, Roy Friend, of Newport News, VA, [was sentenced](#) this month to serve 33 months in prison after pleading guilty to stealing government property. While employed by DoD as "Chief of Logistics and Program Management, Aviation and Missile Command" at Fort Eustis, Friend ordered roughly \$905,000 in goods from the GSA Advantage website and under the auspices of the U.S. Falcon contract. During an investigation, it was determined that Friend took some of the items for personal use; other items had the GSA shipping labels removed prior to being resold; and still other items were sold on eBay. The scheme apparently went on for about five years before being detected.

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One last word on the foregoing. We get emails from the Department of Justice every day (sometimes more often) so it's a fairly quick task to skim the emails to see if there's anything worthy of a blog article. If not, the emails are quickly deleted. When we set out to compile this list of wrongdoing for our readers, many of the original emails had already been deleted. But Bob Antonio keeps a rolling list of procurement fraud links over at his [WIFCON](#) site. Thus, his list became an invaluable resource for compiling this list. If you don't visit WIFCON at least once a week, you are missing a very important resource for government contracting and compliance professionals.

And I think we're done with 2016 now.