

We're aware that the Apogee Consulting, Inc. is in danger of becoming the "all-fraud, all-the-time" website. A couple of days ago, we [vented a bit](#) about the sad state of the public procurement process, where we noted "Not a week goes by without a story of corruption, bribery, and/or fraud hitting the internet." A day later, we reported

[allegations](#)

that defense employees were stealing military firearms (potentially including .50 caliber machine gun parts) and selling them after hours. Well, we skipped a day or two, but now we're back with yet

another

story of corruption in the Federal contracting arena. Forget that bit about "not a week goes by"—it's now hard to go 24 hours without hearing about some type of wrongdoing.

Either the number of incidents of corruption has skyrocketed recently, or the investigators and prosecutors are getting better at ferreting it out. Maybe it's a little of both ...

Today's story is brought to you by the U.S. Department of Justice (DOJ), as are most of these stories. The DOJ oversees the National Procurement Fraud Task Force ([NPFTF](#)). The NPFTF is "committed to detecting, investigating, and prosecuting procurement, grant, and Recovery Act fraud."

A visit to the NPFTF website (link above) reveals sordid tales of corruption, from the relatively quotidian ("Former Pittston Area School Board Member Sentenced to 12 Months for "corrupt receipt of a reward") to the more ominous ("Former Junction City Mayor Sentenced to 24 months for taking bribes from builder"). Naturally, there are also many stories of procurement fraud and corruption related to military contracts.

Back to today's story which can be found [here](#) . The headline is simple: "Former Representative of Backfill Subcontractor Sentenced to 33 Months in Jail for Kickback and Fraud Scheme". The press release reveals that "James E. Haas Jr., a former representative of a New Jersey subcontractor that provides common backfill, a type of soil material used to refill an excavation" was sentenced on February 23, 2010 to 33 months in jail, a \$30,000 fine, and ordered to pay the EPA \$53,000 in restitution. What was the crime? According to the press release—

It's Been 24 Hours, Time for Another Procurement Fraud Story

Written by Administrator

Thursday, 25 February 2010 00:00

[Haas] engaged in a kickback and fraud conspiracy at the Federal Creosote Superfund site, located in Manville, N.J. Haas admitted to paying kickbacks to former employees of a prime contractor at Federal Creosote in exchange for the award of a subcontract to the company he represented. He also admitted to inflating bid prices for the subcontract to include the amount of the kickbacks paid to his co-conspirators. Haas also pleaded guilty to committing fraud against the United States.

Haas wasn't the only malefactor. The DOJ announced that "To date, a total of three companies and eight individuals have pleaded guilty as part of the investigation." The investigation has been conducted by the DOJ, the EPA's Inspector General, and the IRS Criminal Investigation team. (We guess the fraudsters forgot to report the income from their illegal activities.

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Really, what else can be said? If there's any lessons to be learned, it's that that companies need to be vigilant in implementing—and testing—appropriate internal controls. Fraudsters need to be detected. That “prime contractor” whose employee accepted kickbacks should have been caught by the contractor. Moreover, having strong internal controls acts to prevent potential fraudsters from committing wrongdoing.

In our experience, companies are reluctant to invest in their internal controls, and reluctant to test those controls through internal audits and other means. They prefer to trust their employees to do the right thing. As these stories show, there are too many employees who take advantage of that trust (naïveté?) to engage in fraud and corruption. It's time to get serious about detecting and preventing wrongdoing, so that the number of these stories declines.

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