

**Construction Company Owners Pleaded Guilty to Defrauding Federal Program Intended for Service-Disabled Veteran-Owned Small Businesses - GSA Office of Inspector General**

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**Department of Justice**  
Office of Public Affairs  
Friday, March 5, 2021  
FOR IMMEDIATE RELEASE

**Construction Company Owners Pleaded Guilty to Defrauding Federal Program Intended for Service-Disabled Veteran-Owned Small Businesses**

WASHINGTON – Two Texas construction company owners have pleaded guilty in a long-running scheme to defraud the United States.

Michael Wibracht of San Antonio, Texas, the former owner of several companies in the construction industry, conspired to defraud the United States in order to obtain valuable government contracts under programs administered by the U.S. Small Business Administration (SBA) for which neither his nor his co-conspirators' companies were eligible. One co-conspirator, Ruben Villarreal, also of San Antonio, pleaded guilty on Nov. 20, 2020, to participating in the same conspiracy.

"For many years, this conspiracy undermined the integrity of the federal procurement process," said Acting Assistant Attorney General Richard A. Powers of the Department of Justice Antitrust Division. "This conduct robbed opportunities from honest businesses, especially those owned by historically disadvantaged individuals and service-disabled veterans."

According to court documents filed in the Western District of Texas in San Antonio, Wibracht, Villareal, and other co-conspirators conspired to defraud the United States by interfering with the function of the SBA and fraudulently obtaining money from agencies of the United States as early as 2004 continuing at least through 2017. As part of this scheme, the conspirators installed Villarreal, a service-disabled veteran, as the ostensible owner of a general construction company held out as a Service-Disabled Veteran-Owned Small Business (SDVOSB). Wibracht and other co-conspirators, however, exercised disqualifying financial and operational control over the construction company. The conspirators concealed that control in order to secure over \$250 million in government contracts that were "set aside" for SDVOSBs in order to benefit their larger, non-qualifying businesses. The SBA administers the SDVOSB program, which is designed to increase the number of government contracts awarded to small businesses owned and controlled by service-disabled veterans. To qualify as an SDVOSB, a company, among other things, must be owned and controlled by a service-disabled veteran.

"Conspiring to fraudulently gain access to federal contracts set aside for small businesses owned and operated by disadvantaged individuals or service-disabled veterans is unacceptable," said Inspector General Hannibal "Mike" Ware. "The guilty pleas send a strong message that those responsible will be held accountable. I want to thank the Antitrust Division and our law enforcement partners for their support and dedication to pursuing justice in this case."

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"These convictions showcase the unique expertise of the U.S. Army CID's specialized unit, the Major Procurement Fraud Unit," said Special Agent in Charge Ray A. Rayos of the Southwest Fraud Field Office of the U.S. Army Criminal Investigation Command's Major Procurement Fraud Unit. "Together, with our partner agencies and the Department of Justice Antitrust Division, those individuals responsible for engaging in a complex and long running scheme to defraud the United States government have been brought to justice."

"The General Services Administration Office of Inspector General is committed to working with its law enforcement partners and the Department of Justice Antitrust Division to ensure that individuals and companies who fraudulently obtain contracts meant for legitimate small and disadvantaged businesses are investigated and prosecuted to the full extent of the law," said Inspector General Carol Ochoa of the General Services Administration.

"This outcome is a testament to the commitment of the Defense Criminal Investigative Service (DCIS) and our Law Enforcement partners in safeguarding the integrity to the DoD contracting process," said Acting Special Agent-in-Charge Gregory P. Shilling of the DCIS Southwest Field Office. "DCIS will utilize all available resources to pursue allegations of fraud and corruption, bringing to justice those who seek to enrich themselves through the exploitation of Small Business Administration programs designed to help disadvantaged groups."

Wibracht pleaded guilty to one count of conspiring to commit wire fraud and defraud the United States. Villarreal pleaded guilty to conspiracy to defraud the United States and is scheduled to be sentenced before Judge Xavier Rodriguez on June 23, 2021. Both men face a maximum penalty of five years in prison and a \$250,000 fine. The maximum fine for an individual may be increased to twice the gain derived from the crime, or twice the loss suffered by victims of the crime, if either of those amounts is greater than the statutory maximum fine. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

The SBA Office of Inspector General, Army Criminal Investigation Command's Major Procurement Fraud Unit, General Services Administration Office of Inspector General, Department of Veterans Affairs Office of Inspector General, and DCIS are investigating the case, with assistance from the U.S. Attorney's Office for the Western District of Texas and the Army Audit Agency.

The Department of Justice Antitrust Division's Washington Criminal II Section is prosecuting the case. Special thanks are extended to Assistant U.S. Attorney William F. Lewis, Jr. of the U.S. Attorney's Office for the Western District of Texas.

Anyone with information in connection with this investigation is urged to call the Antitrust Division's Washington Criminal II Section at 202-598-4000, or visit <https://www.justice.gov/atr/contact/newcase.html>.

In November 2019, the Department of Justice created the Procurement Collusion Strike Force, a joint law enforcement effort to combat antitrust crimes and related fraudulent schemes that impact procurement and grant and program funding at all levels of government — Federal, state, and local. For more information, visit <https://www.justice.gov/procurement-collusion-strike-force>.

Source: U.S. Department of Justice [press release](#).