

**Former Construction Company Owner Indicted for Defrauding Federal Program
Intended for Service-Disabled Veteran-Owned Small Businesses - GSA Office of
Inspector General**

**Former Construction Company Owner Indicted for
Defrauding Federal Program Intended for Service-
Disabled Veteran-Owned Small Businesses**

Department of Justice

Office of Public Affairs

Wednesday, March 17, 2021

FOR IMMEDIATE RELEASE

**Former Construction Company Owner Indicted for Defrauding
Federal Program Intended for Service-Disabled Veteran-Owned
Small Businesses**

Today, a federal grand jury in San Antonio, Texas, returned an indictment charging the former owner of several companies in the construction industry for his role in a long-running scheme to defraud the United States.

According to court documents, Michael Angelo Padron was charged with one count of conspiracy to commit wire fraud and to defraud the United States and eight counts of wire fraud. Padron, along with co-conspirators Michael Wibracht and Ruben Villarreal, allegedly 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. Villarreal and Wibracht pleaded guilty to the scheme on Nov. 20, 2020, and March 4, 2021, respectively. Wibracht pleaded guilty to one count of conspiracy to commit wire fraud and defraud the United States. Villarreal pleaded guilty to one count of conspiracy to defraud the United States.

"Today's charges show the division's commitment to holding individuals accountable when they cheat the government procurement process," said Acting Assistant Attorney General Richard A. Powers of the Department of Justice's Antitrust Division. "This conspiracy robbed contract opportunities from honest businesses run by those who were injured in the service to our country. With support from our law enforcement partners, the Antitrust Division will continue to prosecute those who cheat the system to gain taxpayer dollars."

The indictment alleges that Padron, Wibracht, and Villarreal conspired to defraud the United States by interfering with the function of the SBA and fraudulently obtaining money from as early as 2004 continuing through at least 2017. As part of the scheme, Padron is charged with conspiring to install 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). However, Padron, along with his co-conspirator and business partner Wibracht, allegedly exercised disqualifying financial and operational control over the construction company. According to court documents, 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.

**Former Construction Company Owner Indicted for Defrauding Federal Program Intended for
Service-Disabled Veteran-Owned Small Businesses**

Former Construction Company Owner Indicted for Defrauding Federal Program Intended for Service-Disabled Veteran-Owned Small Businesses - GSA Office of Inspector General

“Obtaining federal funds that are meant to provide assistance to the nation’s small businesses is unacceptable,” said Inspector General Hannibal “Mike” Ware of the SBA. “OIG and its law enforcement partners will relentlessly pursue fraudsters and bring them to justice. I want to thank the Antitrust Division and our law enforcement partners for their dedication and pursuit of justice.”

“Today’s indictment represents the extraordinary efforts by the joint investigative agencies in upholding the integrity of our procurement process while protecting special business opportunities for our veterans who have so bravely served and sacrificed for our country,” said Special Agent in Charge Ray A. Rayos of the U.S. Army Criminal Investigation Command (CID) Major Procurement Fraud Unit, Southwest Fraud Field Office.

“It is imperative that contractors are above-board in their dealings with the government,” said Special Agent in Charge Jamie Willemin of the General Services Administration (GSA) Office of Inspector General (OIG), Southwest and Rocky Mountain Division. “GSA OIG is committed to working with our investigative partners and the Department of Justice to hold accountable those who fraudulently obtain contracts meant for legitimate small and disadvantaged businesses.”

“The VA OIG commends our law enforcement partners for bringing these additional charges to achieve justice in this case,” said Inspector General Michael J. Missal of the Department of Veterans Affairs (VA). “The VA OIG remains diligent in investigating all who commit fraud and seek to benefit improperly from programs that are meant for deserving veterans.”

“This outcome is a testament to the commitment of the Defense Criminal Investigative Service (DCIS) and our law enforcement partners in safeguarding the integrity of 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 impacting DoD contracts, bringing to justice those who seek to enrich themselves through the exploitation of the Small Business Administration program designed to help SDVOSBs.”

For conspiracy to commit wire fraud and to defraud the United States, Padron faces a maximum penalty of five years in prison and a \$250,000 fine. For each wire fraud count, Padron faces a maximum penalty of 20 years in prison and a \$250,000. 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 OIG, U.S. Army CID Major Procurement Fraud Unit, GSA OIG, VA OIG, 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 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>.

Former Construction Company Owner Indicted for Defrauding Federal Program Intended for Service-Disabled Veteran-Owned Small Businesses

**Former Construction Company Owner Indicted for Defrauding Federal Program
Intended for Service-Disabled Veteran-Owned Small Businesses - GSA Office of
Inspector General**

An indictment is merely an allegation and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

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