

# **Fort Drum Contractors Plead Guilty to Wire Fraud Conspiracy, Pay More Than \$750,000 to Resolve False Claims Act Liability - GSA Office of Inspector General**

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Department of Justice  
U.S. Attorney's Office  
Northern District of New York  
March 31, 2022

### ***Sean O'Sullivan and David Rose Misrepresented Company as a Service-Disabled Veteran-Owned Small Business***

SYRACUSE, NEW YORK – Sean O'Sullivan, age 59, of Sackets Harbor, New York, and David Rose, age 58, of Newport News, Virginia, have pled guilty to conspiracy to commit wire fraud for their roles in a fraudulent scheme to obtain government construction contracts that were set aside for businesses owned and operated by disabled veterans. O'Sullivan, Rose, and their businesses also agreed to pay a total of \$758,526.68 to the United States to resolve their civil liability for the submission of false claims for payment to the federal government.

The announcement was made by United States Attorney Carla B. Freedman; Patrick J. Hegarty, Special Agent in Charge, Department of Defense Office of Inspector General Defense Criminal Investigative Service; Larry S. Moreland, Special Agent in Charge, U.S. Army Criminal Investigation Division, Mid-Atlantic Fraud Field Office; Joseph Dattoria, Special Agent in Charge of the General Services Administration, Office of the Inspector General (GSA-OIG); Amaleka McCall-Brathwaite, Special Agent in Charge, U.S. Small Business Administration, Office of Inspector General, Eastern Region (SBA-OIG); and Joseph Harris, Special Agent in Charge, Department of Transportation Office of Inspector General, Northeastern Region (DOT-OIG).

Federal government agencies offer "set aside" construction contracts to Service-Disabled Veteran-Owned Small Businesses ("SDVOSBs"), which must meet certain criteria, including that a military veteran with a disability rating incurred as a result of military service must own the majority of the business and personally manage and controls its daily business operations.

Rose and O'Sullivan incorporated, and co-owned, Sierra Delta Contracting, LLC, a construction company. Although Rose is a service-disabled military veteran, O'Sullivan is not. O'Sullivan certified to federal agencies that Sierra Delta was a SDVOSB, falsely representing that Rose personally managed and controlled Sierra Delta's day-to-day business operations. That certification was false because O'Sullivan, not Rose, fulfilled those roles. Rose lived in Virginia, where he had a full-time job, unrelated to Sierra Delta, and O'Sullivan ran the business by himself in Jefferson County, New York, with little input from Rose.

Sierra Delta bid on and received multiple construction contracts from the Army at Fort Drum, New York, and one construction contract from the U.S. Department of Transportation. All of the contracts were 100% set aside for SDVOSBs. These contracts were fraudulently obtained because Sierra Delta was not a SDVOSB.

O'Sullivan arranged for Sierra Delta to hire SOS Inc. – O'Sullivan's own construction company – as the primary subcontractor on the set-aside contracts, enabling O'Sullivan to retain the majority of the profits generated by

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the contracts. O'Sullivan admitted that he received \$345,271.34 in profits from the scheme. Rose admitted that he received \$33,992 from his participation in the scheme.

Government agencies challenged Sierra Delta's SDVOSB status and questioned whether Rose managed the company on a day-to-day basis. In response, Rose falsely claimed that he "control[led] the long term and day to day operations of Sierra Delta Contracting LLC," that he maintained Sierra Delta's "main office" in Virginia, that he worked on Sierra Delta business 25 hours a week and that O'Sullivan dedicated substantially less time to Sierra Delta. Rose knew these statements were false.

O'Sullivan, Sierra Delta Contracting LLC, and SOS Inc. will pay \$690,542.68, and Rose will pay \$67,984, to the federal government as part of the resolution of the criminal and civil allegations.

O'Sullivan is scheduled to be sentenced on May 11, 2022, and Rose is scheduled to be sentenced on July 20, 2022. The charges filed against O'Sullivan and Rose carry a maximum sentence of 20 years in prison, a fine of up to \$250,000, and a term of supervised release of up to 3 years. A defendant's sentence is imposed by a judge based on the particular statute the defendant is charged with violating, the U.S. Sentencing Guidelines and other factors.

In a related matter, O'Sullivan also pled guilty to conspiring to commit an offense against the United States by offering and giving gratuities to Fort Drum Contracting Officer Cindy McAleese. In pleading guilty, O'Sullivan agreed that he promised and provided things of value to McAleese, including sports tickets, meals, sexual encounters, and time and attention, for and because of official action taken by McAleese on O'Sullivan's behalf, such as providing O'Sullivan's company with government contracts and approving payment on those contracts. O'Sullivan also admitted that he and McAleese took steps to keep their relationship a secret from other officials at Fort Drum. McAleese has been indicted for her alleged role in the conspiracy, and her trial is scheduled to take place on July 11, 2022. The charges in the indictment against McAleese are merely accusations, and she is presumed innocent unless and until proven guilty.

The investigation and resolution were the result of a coordinated effort among the U.S. Attorney's Office for the Northern District of New York, the Department of Defense Office of Inspector General Defense Criminal Investigative Service; U.S. Army Criminal Investigation Division; General Services Administration, Office of the Inspector General; U.S. Small Business Administration, Office of Inspector General; and Department of Transportation Office of Inspector General, Northeast Region. The criminal cases are being prosecuted by Assistant United States Attorney Michael Perry. The civil case was handled by Assistant United States Attorney Christopher R. Moran.

Source: U.S. Attorney's Office [press release](#)