

Massachusetts Construction Management Company, Owner, Pay \$1.3M to Settle False Claims Act Allegations - GSA Office of Inspector General

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Department of Justice

U.S. Attorney's Office

District of Connecticut

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FOR IMMEDIATE RELEASE

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CSS is a Massachusetts corporation that performs construction management and general contracting services for various federal agencies. The government alleges that CSS and Sady made false statements to the Small Business Administration ("SBA") to obtain certification as a Historically Underutilized Business Zone ("HUBZone") company. One of the central purposes of the HUBZone program is to support small businesses that locate in geographic areas that have historically been unable to attract businesses and jobs. The government awards certain contracts only to HUBZone-certified businesses and applies a price preference to HUBZone contractors making bids on other contracts.

The government alleges that CSS and Sady falsely claimed to the SBA that CSS's principal office was located in a designated HUBZone when, in fact, it was not. Using the fraudulently obtained HUBZone certification from the SBA, CSS bid on and was awarded government contracts worth millions of dollars that had been set aside for qualified HUBZone companies, as well as contracts for which a price preference was available to HUBZone companies. After CSS's fraudulently procured HUBZone certification was discovered, CSS and Sady made further false statements to federal agents about CSS's HUBZone eligibility and the location of its principal office.

To resolve the government's allegations, CSS and Sady have agreed to pay \$1.3 million for conduct occurring between 2009 and 2015.

"Companies that make false representations to take advantage of federal government contract programs for which they don't qualify will be held accountable," said U.S. Attorney Durham. "We thank the SBA's Office of Inspector General and Office of General Counsel, and the GSA Office of Inspector General, for their diligent work on this case and their efforts to protect both the integrity of the HUBZone program and taxpayer money."

"The outcome in this case is the product of enhanced efforts by federal agencies such as the Small Business Administration working with the U.S. Attorney's Office and other federal law enforcement partners to detect procurement fraud and prosecute those individuals and companies that engage in such activities," said SBA's General Counsel Christopher M. Pilkerton.

"A small business wishing to participate in SBA's HUBZone Program must fulfill all the program requirements, which are designed to encourage economic development and increase employment opportunities in the distressed area," said SBA Inspector General Hannibal "Mike" Ware. "SBA OIG will continue to aggressively pursue parties that undermine Americans' confidence in preferential federal contracting programs for small businesses. I want to thank the U.S. Attorney's Office and our law enforcement partners for their dedication to Massachusetts Construction Management Company, Owner, Pay \$1.3M to Settle False Claims Act Allegations

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enforcing compliance in SBA's contracting programs.”

“Entities must be truthful in their dealings with the federal government,” said Inspector General Carol Ochoa of the U.S. General Services Administration Office of Inspector General. “The GSA OIG will aggressively pursue those who make false representations to obtain federal contracts.”

Under the False Claims Act, the government can recover up to three times its actual damages, plus penalties of \$11,181 to \$22,363 for each false claim.

This investigation was conducted by the U.S. Small Business Administration and the U.S. General Services Administration Office of Inspector General. This matter was handled by Assistant U.S. Attorney Sarah Gruber, with the assistance of Auditor Susan N. Spiegel.

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