

Former CEO of Virginia-Based Defense Contractor Agrees to Pay \$20 Million to Settle False Claims Act Allegations Related to Fraudulent Procurement of Small Business Contracts ~~GSA Office of Inspector General~~
Former CEO of Virginia-Based Defense Contractor Agrees to Pay \$20 Million to Settle False Claims Act Allegations Related to Fraudulent Procurement of Small Business Contracts

Department of Justice

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Former CEO of Virginia-Based Defense Contractor Agrees to Pay \$20 Million to Settle False Claims Act

Allegations Related to Fraudulent Procurement of Small Business Contracts

Luke Hillier, the majority owner and former Chief Executive Officer of Virginia-based defense contractor ADS, Inc., has agreed to pay the United States \$20 million to settle allegations that he violated the False Claims Act by fraudulently obtaining federal set-aside contracts reserved for small businesses that his company was ineligible to receive, the Department of Justice announced today.

“Small businesses serve a vital role in our communities and in the American economy,” said Assistant Attorney General Jody Hunt of the Department of Justice’s Civil Division. “We will not hesitate to take action against those who fraudulently obtain contracts intended for small businesses.”

“This action reflects the government’s steadfast commitment to hold individuals accountable who knowingly participate in schemes that take advantage of small businesses and set-aside contracts to which they are not entitled under the law,” said U.S. Attorney for the District of Columbia Jessie K. Liu. “The government expects people to be truthful in their dealings with the government, and the United States will investigate and pursue those that fail to live up to that expectation.”

In order to qualify as a small business, companies must satisfy defined eligibility criteria, including requirements concerning size, ownership, and operational control. The government alleged that Hillier caused ADS to falsely represent that it qualified as a small business concern when it failed to do so, including due to its alleged affiliations with a number of other entities. The United States alleged that, as a result of Hillier’s representations, his company was awarded numerous small business set-aside contracts for which it was ineligible.

The government previously resolved related claims against ADS for \$16 million, and Charles Salle, the former general counsel of ADS, has agreed to pay \$225,000 to resolve claims arising from his role in the alleged scheme. The government has also obtained recoveries from other related entities that were involved in the alleged fraudulent scheme. The combined settlements, totaling more than \$36 million, rank as the largest False Claims Act recovery based on allegations of small business contracting fraud.

“The settlements in this matter demonstrate the excellent results stemming from the joint efforts of federal agencies, including the Small Business Administration, working with the Department of Justice in responding to allegations of fraud perpetrated by participants in SBA’s procurement programs,” said SBA General Counsel
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Christopher M. Gifford, GSA Office of Inspector General

“When individuals knowingly make misrepresentations to gain access to federal contracts set aside for small businesses, they will be held accountable,” said Inspector General Hannibal “Mike” Ware. “These settlements send a strong message that allegations of wrongdoing will find their way into the open and will be investigated. I want to thank the Department of Justice and our law enforcement partners for their support and dedication in this case.”

“GSA contractors must be honest and forthcoming when doing business with the federal government,” said GSA Inspector General Carol Fortine Ochoa. “GSA OIG and its partners will aggressively pursue those who fraudulently obtain government contracts intended for truly small businesses.”

The settlement announced today resolves a lawsuit filed under the whistleblower provision of the False Claims Act, which permits private parties to file suit on behalf of the United States for false claims and share in a portion of the government’s recovery. The lawsuit was filed by Ameliorate Partners LLP in federal district court in the District of Columbia and is captioned United States ex rel. Ameliorate Partners, LLP v. ADS Tactical, Inc. et al., Case No. 13-cv-1880 (D.D.C.). Ameliorate Partners will receive \$3.6 million from the settlement with Hillier.

This matter was handled by the Civil Division’s Commercial Litigation Branch and the U.S. Attorneys’ Offices for the District of Columbia and for the Eastern District of Virginia, with assistance from the Small Business Administration’s Office of Inspector General and the General Services Administration’s Office of Inspector General.

The claims resolved by the settlement are allegations only, and there has been no determination of liability.

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