

Wisconsin Man Sentenced to 78 Months for Fraud Scheme Involving Over \$260 Million in Small Business Contracts - GSA Office of Inspector General

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Department of Justice

U.S. Attorney's Office

Eastern District of Wisconsin

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FOR IMMEDIATE RELEASE

Wisconsin Man Sentenced to 78 Months for Fraud Scheme Involving Over \$260 Million in Small Business Contracts

United States Attorney Matthew D. Krueger announced that on December 16, 2019, Brian L. Ganos of Muskego, Wisconsin, was sentenced by the Honorable Pamela Pepper to 78 months in federal prison for leading a 12-year fraud scheme involving over \$260 million in government-funded contracts intended to benefit small businesses. The sentence also includes two years of supervised release, a \$5,000 fine, and forfeiture of assets worth nearly \$4 million. Ganos had earlier pleaded guilty to one count of wire fraud and one count of mail fraud. Four other individuals and one corporation have also pleaded guilty to a felony charge in connection with Ganos's scheme.

The scheme involved operating three construction companies with straw owners who qualified as a disadvantaged individual or as a service-disabled veteran, but who did not actually control the companies. Ganos then fraudulently obtained small business program certifications to win government-funded contracts to which the companies were not entitled. Specifically,

Nuvo Construction Company, Inc. ("Nuvo") was misrepresented to be majority-owned and controlled by J.L. in order to obtain certifications as a Small Disadvantaged Business from the U.S. Small Business Administration (SBA) and as a Disadvantaged Business Enterprise (DBE) from Milwaukee County. In reality, J.L. worked full-time for a different entity in Minnesota and did not actually control Nuvo.

C3T, Inc. was misrepresented to be majority owned and controlled by T.A. to obtain verification as a Service-Disabled Veteran-Owned Small Business. In reality, for long stretches, T.A. had virtually no involvement in C3T.

Pagasa Construction Company, Inc. was misrepresented to be majority owned and controlled by O.M. in order to obtain certification as a Small Disadvantaged Business from the SBA. In reality, O.M. relied on the assistance of Ganos-controlled companies to form Pagasa.

The scheme continued from 2004 to mid-2016 during which period, Ganos and others used those certifications to obtain over \$260 million in federal, state, and local contract payments. These included federal construction contracts that were set aside for Small Disadvantaged Businesses or Service-Disabled Veteran-Owned Small Businesses. In addition, Nuvo used its DBE certification to win ready-mix concrete contracts based on the false representation that Nuvo provided ready-mix concrete independently when, in truth, Nuvo's concrete operations depended heavily on Sonag Ready Mix. On multiple occasions, the conspirators engaged in efforts to conceal the scheme and obstruct investigations into the matter.

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As a result of the scheme, Ganos undermined the small business programs and deprived honest small businesses of opportunities to become established. In addition, Ganos used various means to launder proceeds of the fraud scheme and enrich himself. As part of his plea agreement, Ganos agreed to the forfeiture of various assets, including (a) over \$1.9 million seized from accounts; (b) a ski condominium in Winter Park, Colorado; (c) the office building in Milwaukee used to facilitate the scheme; (d) two Disney timeshares; (e) and five vehicles, including a Corvette Stingray Convertible and classic cars.

United States Attorney Krueger stated: "Driven by greed, Brian Ganos exploited federal programs that Congress intended to help disadvantaged individuals and veterans who were injured while serving our country. This case should send a clear warning that cheating federal programs will not be tolerated. We commend the collaboration and commitment of the federal agencies that investigated this case."

"The GSA Office of Inspector General will aggressively pursue contractors who make false representations in order to obtain federal contracts," said Special Agent-in-Charge, Jeffrey Ryan. "Schemes to fraudulently access opportunities designated as set-aside contracts cheat the government and deserving bidders."

"Disadvantaged Business Enterprise (DBE) fraud harms law-abiding contractors by disrupting the level playing field in which legitimate disadvantaged businesses seek to fairly compete for contracts," said Andrea M. Kropf, Regional Special Agent-in-Charge of the United States Department of Transportation Office of Inspector General. "Working with our law enforcement and prosecutorial partners, we remain committed to preserving the integrity of the DBE program."

"I am pleased by the results of the investigative team and the U.S. Attorney's offices' efforts to bring justice to these individuals, said Special Agent in Charge Cynthia A. Bruce, DCIS Southeast Field Office. DCIS and our investigative partners are committed to fully investigate allegations of fraud against the military procurement system and DoD set-aside programs."

FBI Special Agent in Charge Robert E. Hughes stated: "The FBI will pursue those who exploit government programs intended to help disabled-veterans and small business owners. Through the great collaboration of our law enforcement partnerships we will continue to dedicate all the time that is needed and resources available to bring these offenders to justice."

"Today's sentencing sends a strong message to those who would fraudulently enrich themselves by corrupting the integrity of Federal procurement programs intended to assist small disadvantaged businesses, in this case, lost opportunities for legitimate veteran business owners who earned that benefit through personal sacrifice and service to our country," said Special Agent-in-Charge Brian Hauck of the U.S. Army Criminal Investigation Command's North Central Fraud Field Office. "The Army CID, along with our investigative and prosecutorial partners, will continue to diligently pursue those who would defraud U.S. Government programs within our investigative purview."

"The defendants in this fraud scheme sought personal gain at the expense of disadvantaged and veteran-owned small businesses eligible for contracts set-aside by the Government," said Inspector General Hannibal "Mike" Ware. "SBA OIG is committed to bringing those that lie to gain access to SBA's preferential contracting programs to justice. I want to thank the U.S. Attorney's Office for its leadership and dedication to serving justice."

Gregg Hirstein, Special Agent in Charge, Department of Veterans Affairs, VA Office of Inspector General (VA OIG), said, "The VA OIG is committed to bringing justice to those who illegally enrich themselves at the expense of VA programs intended to help our nation's disabled veterans. I hope this case prompts anyone

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aware of such fraud schemes to contact the VA OIG Hotline.”

The following agencies participated in the investigation: the Federal Bureau of Investigation; U.S. General Services Administration, Office of Inspector General; Department of Veterans Affairs, Office of Inspector General; Department of Defense, Office of the Inspector General, Defense Criminal Investigative Service; U.S. Department of Transportation, Office of Inspector General; U.S. Small Business Administration, Office of Inspector General, Investigations Division; Defense Contract Audit Agency; and U.S. Army Criminal Investigations Command Major Procurement Fraud Unit.

The case was prosecuted by United States Attorney Matthew D. Krueger and Assistant United States Attorneys Scott J. Campbell, Michael A. Carter, and Adam H. Ptashkin.

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