



# Department of Justice

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District of Massachusetts

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## **CHELMSFORD BUSINESSMAN CHARGED WITH DEFRAUDING FEDERAL DISABLED-VETERANS PROGRAM**

Boston - A Chelmsford man was charged today in federal court with defrauding the federal government with a scheme to subvert a program designed to provide business opportunities for service-disabled veteran owners of small construction companies.

David E. Gorski, 47, was indicted on charges of conspiracy to defraud the United States and four counts of wire fraud.

Since 1999, the Small Business Act has mandated a government-wide goal of annually awarding at least three-percent of the total value of all federal contracts to service disabled veteran owners of small businesses. In 2004, an Executive Order was issued requiring all federal agencies to publish a strategy to implement this goal and to utilize the restricted competition provisions of the Small Business Act in order to provide service-disabled veteran owned businesses opportunities to increase their involvement in federal contracting.

The indictment alleges that from late 2005 through November 2010, Gorski, a non-veteran, fraudulently represented that a company he established, Legion Construction, Inc., was a Service Disabled Veteran Owned Small Business (SDVOSB) in order to qualify for and obtain government contracts from the Department of Veterans Affairs, the General Services Administration, the Army and the Navy. The Indictment further alleges that Gorski sent invoices via fax and email to the Department of Veteran Affairs in Austin, Texas, billing the government hundreds of thousands of dollars for the work performed by Legion.

The indictment details a scheme in which Gorski utilized disabled veterans to serve nominally as President and majority owners of Legion, when Gorski in fact actually founded and operated Legion from its inception in 2006. The indictment also describes how Gorski sought to circumvent the federal regulation that required a service-disabled veteran owner to be the highest paid officer in the company. A series of emails between Gorski and Legion's accountant revealed the details of an agreement between Gorski and the nominal veteran President of Legion providing for Gorski to receive \$2.5 million after taxes from Legion, as well as additional, hidden compensation above what the veteran company president would receive.

If convicted, Gorski faces up to 20 years in prison on the wire fraud charges and up to five years in prison on the conspiracy to defraud charge, to be followed by three years of supervised release and a \$250,000 fine on each count.

United States Attorney Carmen M. Ortiz; Jeffrey G. Hughes, Special Agent in Charge of the U.S. Department of Veterans Affairs, Office of Inspector General, Northeast Field Office; Aaron Collins, Special Agent in Charge of the U.S. Small Business Administration, Office of Inspector General, Eastern Region; Luis A. Hernandez, Special Agent in Charge of the General Services Administration, Office of Inspector General, New England Regional Investigations Office; and Michael D. Conner, Special Agent in Charge of the U.S. Army Criminal Investigations Command, Boston Fraud Branch Office made the announcement today. The case is being prosecuted by Assistant U.S. Attorney William F. Bloomer.

The details contained in the Indictment are allegations. The defendant is presumed to be innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

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