



BUSTED!

Guilty Verdict for SDVOSB Falsification

In what may be the shape of things to come in the federal procurement arena, a Brooklyn man was convicted on April 11, 2011 of defrauding the federal government by falsely claiming SDVOSB status on bids to the Dept. of Veterans Affairs and the U.S. Army.

John “Raymond” Anthony White, a 46 year-old man with years of experience contracting with the federal government, bilked \$16 million in federal contracts by claiming preference under the federal government set-aside program for SDVOSB.

According to the indictment and the evidence presented at trial in Manhattan federal court:

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From June 2007 through June 2010, White falsely claimed

that he was both a veteran and a disabled vet-

eran. The contracts were administered by the Veterans Administration and the Army to perform work for the VA in New York, New York, Montrose, New York, Coatesville, Pennsylvania, and Loch Raven, Maryland.

The contracts were specifically designated to be awarded only to small businesses owned by SDVOSB. He was caught when the VA got suspi-

cious and discovered he had a rap sheet for forgery and grand larceny.

White never served in the military, while at different times during the trial claimed he hurt his back in the Navy ROTC and the special forces.

During the course of the investigation in this case, White made false statements to a federal agent claiming that another person who had served in the United States military was the

(Busted, cont. page 5)



ON THE HILL

House Bill to Penalize Fraudulent Businesses Moves to Senate

PROPOSED LEGISLATION benefitting SDVOSB is at an all-time high this Spring, and *VLM* provides coverage of key Congressional activities. In this issue: Senate Bill 633, **Small Business Contracting Fraud Prevention Act of 2011 S 633 (page 7), HR 1657 (below) and House bill 240, which seeks to amend CFR title 38 (page 5).** All proposed legislation is great news for SDVOSB.



Rep. Marlin Stutzman

(SDVOSB News Services, – Washington, DC, May 24)

Today a bill was referred to the Senate Committee on Veterans Affairs that, if enacted, will severely penalize companies that misrepresent as service disabled veteran owned businesses (SDVOSB).

The proposed legislation penalizes fraudulent companies that misrepresent themselves as SDVOSB to gain contracts with the federal government. On April 15 Rep. Marlin Stutzman (R-IN-3) introduced HR 1657 in the House Committee on Veterans Affairs Subcommittee on Economic Opportunity and it moved quickly through the House Committee on Veterans Affairs.

When the bill moved to the full House Veterans Affairs Committee, Stutzman indicated in a news release: “With businesses dishonestly taking advantage of the benefits set aside for SDVOSB, I am pleased that HR 1657 will be going to the full committee for consideration. We are obligated to protect the interests and benefits of our Nation’s SDVOSB.”

The Government Accountability Office in 2009-2010 cited a lack of fraud-prevention controls and determined a number of firms fraudulently participated in the set-aside program for SDVOSB. Stutzman added: “These men and women have protected us; the least we can do is honor their service and sacrifice. This bill is both fiscally responsible and meets the needs of our veterans.”

HR 1657 would revise the enforcement penalties for misrepresentation of a business concern as a small business owned and controlled by SDVOSB.

The bill directs that any business determined by the Secretary of Veterans Affairs to have misrepresented its status as a small business owned and controlled by SDVOSB shall be debarred from contracting with the VA for not less than five years. Currently, fraudulent companies are debarred for a “reasonable period as determined by the Secretary.”

HR 1657 requires the VA Secretary to commence the debarment action within 30 days after the

(1657, cont. page 6)

If you don't go after what you want, you'll never have it. If you don't ask, the answer is always no. If you don't step forward, you're always in the same place. --

Nora Roberts

Duty, Honor, Country—and Unemployed?

By Ralph Baxter

(courtesy Frederick *NewsPost*)

My younger brother shipped out to Afghanistan this month. Sure, we have that helpless feeling that anything can happen in a war zone. Being a disabled veteran, another concern I have is that he will be wounded or injured. He'll always have the drive, commitment and entrepreneurial spirit he's known for, but will there be opportunity for him in the American economy?

The current unemployment rate of returning veterans is just over 17%, which is well over the national rate. Speculation as to why these heroes are jobless is varied, but our returning troops are generally not welcomed with open arms by the American economic system.

But it's great to see the "Support Our Troops" bumper stickers; the newspaper articles lauding their service; the wild cheers for returning troops at airport terminals. But that's where it ends. All politicians on the national level are behind these men and women who protect our freedoms. But many federal legislators talk big and feign allegiance to our soldiers in empty gestures of support.

In 1999, the U.S. Congress mandated increased opportunities for service-disabled veterans in the federal procurement marketplace. Businesses run by disabled veterans will be awarded at least 3% of total procurement dollars of every U.S. agency.

That's the law. Government agencies ignore those laws, and politicians don't hold the agency heads accountable for ignoring (breaking) these laws.

U.S. Census reported that in 2007, veterans owned 2.4 million businesses; nine percent of all U.S. businesses. These businesses generated \$1.2 trillion, 4.1 percent of all business receipts nationwide, and employed nearly 5.8 million people.

Veterans hire veterans, that's a fact. Veterans share similarities in work ethic, dedication, and attention to detail. Veterans take care of their brothers-in-arms.

A half-dozen laws and Presidential Executive Orders since 1999 have proven fruitless for service disabled veteran-owned businesses—agencies continue to ignore the 3% minimum. In 2008, the U.S. Department of Defense dedicated a mere .85% of that three percent minimum. The institution that sent these men and women into harm's way doesn't seem to care about troops disabled in the line of duty when they come home. An ironic slap in the face for disabled veterans.

And what's more, there's tremendous fraud in the government marketplace, no real surprise. Any business can claim to be owned by a disabled veteran and be eligible for contracts set-aside only for disabled veteran businesses. On proposals for government contracts, one can easily claim to be a disabled veteran.

No one will know, even though it's at the expense of our wounded warriors.

(Unemployed, cont. page 6)

Editorial

Picayune, Petty, Preposterous

By Hardy Stone



In issue 2.2 of *VetLikeMe* our Editorial received a lot of attention. Attention we didn't expect. The attention came from SBA. Two days after the release of 2.2, SBA's Office of the Inspector General (OIG) emailed a "Cease and Desist" email to us for using the SBA logo.

Citing U.S. Code of Federal Regulations (13 at 101, 105) the lawyers at SBA reached into its quiver and shot an arrow at *VLM*. Not only did that email provide this editorial topic, it showcases SBA's insecurity, its true support of SDVOSB (BluePoint Productions, annual revenue, \$00.00) and how willing SBA is to waste taxpayer dollars.

In 2.2, we interviewed SBA Deputy Administrator Marie Johns. As Chair of the Presidential Task Force on Veterans Business Development (TF), Johns described SBA's mission with regard to the TF in easy-to-understand terms. The interview convinced me that the TF knew where it needed to go, its intents, current and future actions. Her graceful responses to our questions made for front-page news and positive signs for SDVOSB. Good PR for SBA.

In the 2.2 editorial, however, we also covered the SBA's actions in the wake of GAO's release of the extensive investigation of fraud in the SDVOSB self-certification program. Ten companies identified in the GAO report were to be investigated by the SBA, and we asked the status of the investigations after thirteen months in SBA's hands. Simple public information.

Their written response indicated that **NONE** of the ten cases of misrepresentation had been brought to a conclusion. Only three sites visits were conducted in thirteen months. Based on these three site visits, the OIG "**believes**" that two companies were "not in compliance with SDVOSB regulations." The third company is still being reviewed, the OIG letter read.

We then asked how the companies were being held accountable: The OIG's response: "Appropriate courses of action are currently undergoing consideration for these two companies. The OIG is continuing its review of the third company..."

What in the heck does 'appropriate' mean? Appropriate according to whom? What metric is the SBA using to punish these people who are gaming the system? What happens if one's caught cheating at high stakes poker? Big trouble. What happens if you're caught cheating at school-yard marbles? You lose your marble... AND get kicked out of the game. I think the punishment for cheating SDVOSB is losing the contract they won because they lied. Ineligibility for future contracts with the government forever. That would be a big-time deterrent.

Back to the SBA "Cease and Desist" email.



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Busted, from page 1

majority owner of his company, Mitsubishi Construction Corporation.

White then attempted to have another employee falsely claim to the VA that he, and not White, was the majority owner of the company.

White faces a maximum sentence of 75 years in prison and a maximum fine of \$3,750,000.

“White exploited valuable resources intended for the men and women who put their lives on the line for our country and are often disabled as a result.

“...we will use the full force of the federal law to prosecute and punish those who attempt to defraud the government and lie for their own unjust enrichment.”

U.S. Attorney Preet Bharara
Presiding District Judge

He is scheduled to be sentenced on July 20. *VLM* may attend the sentencing for onsite interviews.~~*VLM*

VA Procurement Deputy Assistant Secretary Jan Frye *IS* Defensive?

Maggie Bullard Marshall

I recently had the opportunity to attend the Dept of VA sponsored Small Business Conference in Chicago. I met Tom Leney, the new OSDBU executive director, and look forward to his engagement and assistance. He explained his mission is to help SDVOSBs do business with the VA and other federal agencies and that he is a “get it done” kind of guy. I told him I sure hope that is true because we SDVOSBs need someone at the VA willing to part-



ner with us to improve the verification process and increase federal procurement opportunities for SDVOSBs.

After the morning presentations, I attended two breakout sessions. In the first one, I asked the attorney giving the presentation if he was familiar with the law that put SDVOSBs first at the VA ahead of federal supply schedules. He said yes. The VA contracting officials in attendance were quite surprised to hear his affirmation and several asked me to share the legal findings.

At the end of the second breakout session, the VA Deputy Assistant Secretary for Acquisition and
(Bullard Marshall cont. page 10)

(1657, from page 2)

misrepresentation determination, and to complete such action within 90 days after such determination. All principles in the business will also be debarred.

On May 24, the bill was referred to the Senate Committee on Veterans Affairs.

SDVOSB advocacy groups hailed the proposed legislation as another step toward honoring the promises made to SDVOSB (PL 106-50, PL 13360) that have been unmet by the VA and most federal agencies.

HR 1657 Analysis

HR 1657 is a great leap toward fraud prevention in the SDVOSB procurement set-aside program. Not only will 1657 up the penalties for misrepresentation, it may put an end to the self-certification programs that are at the core of fraud in the program.

Debarment from federal contracting is serious. It would be a financial deathtrap for many companies whose survival depends on the lucrative federal marketplace. 1657 in conjunction with S. 633 (see page 7), are both deterrents to the fraud that reduces contract opportunities for SDVOSB.

Drawback: It is very unlikely that both HR 1657 and S 633 will clear legislative hurdles.

Drawback: 1657 has no co-sponsors (though it sailed through the House Veterans Affairs Subcommittee on Contracting and Technology).

~~VLM

(Unemployed, from page 3)

I want my brother to have the business opportunities he's earned—especially if he's disabled while serving. The federal government needs to hear loud and clear that he deserves it.

Memorial Day picnics, parades and political posturing came off yesterday as expected. If he's injured, can he expect the guaranteed economic opportunities when he comes home? I don't think so.~~VLM

State Activity**Senate Bill 1270**

Creates the goal of an annual 5% set-aside of State contracts for award to service-disabled veteran-owned small businesses or other veteran-owned small businesses.



The bill requires State agencies to appoint advocates to encourage and coordinate participation in State procurement activities by veteran-owned small businesses. **If passed, this legislation also makes a violation relating to veteran-owned small business participation a Class 2 felony, subject to a civil penalty, and subject to suspension of participation.** Effective July 1, 2011.

<http://tinyurl.com/42ga88u>

Texas

AUSTIN, Texas (AP) — A proposed Texas law would give businesses owned by disabled veterans a boost when it comes to winning state contracts.

Lawmakers are considering bills to designate service-disabled veteran-owned companies as historically underutilized businesses, which currently include minority- and women-owned businesses only.

<http://tinyurl.com/3mkbrgb>

Small Business Contracting Fraud Prevention Act of 2011 (S 633)

IN ISSUE 2.2 of *VLM* we gave a brief overview of this legislation introduced by Sen. Olympia (R-ME) on March 17. There has been no movement on this bill after it was referred to the Senate Committee on Small Business and Entrepreneurship (Senator Mary Landrieu D-LA, Chair). The bill has bi-partisan support in Committee, and co-sponsors include: Senators Scott Brown (R, MA), Michael Enzi (R, WY), Charles Grassley (R, IA), Kay Hagan (D, NC), Mary Landrieu (D, LA), Claire McCaskill (D, MO) and Jeff Merkley (D, OR).



Following are excerpts from the meat of the bill as it applies to SDVOSB:

VERIFICATION OF STATUS-

‘(A) VETERANS AFFAIRS- The Secretary of Veterans Affairs shall determine whether a business concern registered with the VetBiz database of the Department of Veterans Affairs, or any successor thereto, as a small business concern owned and controlled by veterans or a small business concern owned and controlled by service-disabled veterans is owned and controlled by a veteran or a service-disabled veteran, as the case may be.

‘(B) FEDERAL AGENCIES GENERALLY- The head of each Federal agency shall--

‘(i) for a sole source contract awarded to a small business concern owned and controlled by service-disabled veterans or a contract awarded with competition restricted to small business concerns owned and controlled by service-disabled veterans under section 36, determine whether a business concern submitting a proposal for the contract is a small business concern owned and controlled by service-disabled veterans; and

(ii) use the VetBiz database of the Department of Veterans Affairs, or any successor thereto, in determining whether a business concern is a small business concern owned and controlled by service-disabled veterans.

(3) DEBARMENT AND SUSPENSION- If the Administrator of the Small Business Administration determines that a business concern knowingly and willfully misrepresented that the business concern is a small business concern owned and controlled by service-disabled veterans, the Administrator may debar or suspend the business concern from contracting with the United States.’

S 633 Analysis

This bill could/will force a huge shake-up in government contracting for SDVOSB. S. 633 section B dramatically ups the ante and requirements of federal agencies. Agencies ‘shall’ (the ever-so-important shall/may distinction again) determine if bidders are in fact SDVOSB. This puts responsibility directly on the agency contracting officer (CO) to conduct research on the pool of proposals. The VetBiz database and certification process will be completed by August, *VLM* has learned.

Drawback: Tedious, extensive labor dedication at the agency level for certification and often duplicative requirements. Certification requires submitting documentation annually. If and when the dust settles at CVE, perhaps this annual certification requirement for SDVOSB can be modified.

Drawback: COs may **decide not to categorize contracts as SDVOSB set-asides** to avoid full market research and verification. If agencies are compelled to meet or exceed the 3% mandated threshold (doubtful without intense political pressure) this drawback becomes moot. But *truly* mandating agencies to meet the minimum threshold will require a long, arduous lobbying effort by true SDVOSB advocacy organizations.

ALL FEDERAL AGENCIES WILL BE REQUIRED to ensure that a company is a certified SDVOSB. This is a major procurement policy shift that ranks SDVOSB on par with 8(a) and HUBzone. COs will need to

Editorial, from page 4

In my 26-year-career as a federal employee in public affairs, I've never heard of any government agency respond so vigorously and viciously for using a logo. At the President's Committee on Employment of People with Disabilities, the Indian Health Service and the Center for Mental Health Services, we were all too busy to track nano-publications like *VLM*. Government agencies get bad press all the time from big-time media; our circulation is just over 1000. Picayune, petty and preposterous.

We gave a less-than-flattering review in 2.2 of SBA. Is this vengeance? Ridiculous agency hubris? OIG is responsible for SBA investigations. *VLM* slammed OIG for poor progress on its fraud investigations. One plus one equals two.

Maybe that's an explanation why OIG has not completed a single investigation of fraud in a year. Hmm...we have these huge marlins all around our fishing boat that are begging to be hooked. But let's reach into the bait bucket and catch the minnow stirring up tiny waves...we'll be publicly commended at the agency Christmas party.

VLM would love to publish SBA's rebuttal in full next issue on the front page...please? Now we know you're listening, and that's promising for the SDVOSB community.~~*VLM*



For almost two years, *VLM* has featured unvarnished national news and editorial opinion concerning the SDVOSB community. This publication will always be free.

We're heard from Congress and federal agencies, and we apply pressure for increased federal contracting opportunities for those of us injured while serving our country. We've been promised these opportunities.

Advocacy begins with agitation.

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Walkersville, MD 21793

Please note: At this time, donations are not tax deductible...but we're working on it.

Thanks.

S. 633, from page 7

the inspection process that other set-aside groups are subject to, including comprehensive document submissions, SBA site visits and annual recertification. This is a giant leap toward true parity among set-asides in the federal contracting arena.

Drawback: Extended time between RFP and award of a contract while COs consult CVE to ensure all bids are bona fide SDVOSB. But we can live with that.~~VLM

Senate Hearing on Veterans Unemployment

Written by Call of Duty Endowment

Veterans Unemployment issues have been highlighted frequently in the news this week. People continue to learn about the hardships veterans can face when leaving the military. A good deal of coverage comes from Senator Patty Murray's (D-WA) recent hearing to examine current efforts to address the high unemployment rate among veterans. As you can imagine, the hardest hit veterans are those ages 18-24, who have recently returned from multiple tours in Iraq and Afghanistan.

The Senate Veteran's Affairs Committee heard compelling testimonies from veterans, labor leaders, and officials in the current Administration on what needs to be done to help combat this issue. Veterans' testimonies were filled with details about ways their lives have been affected by unemployment and the difficulty of finding a job in the civilian world. One veteran who took the stand was Garrett Reppenhagen of Veterans Green Jobs, a recent recipient of a \$100,000 grant from the Call of Duty Endowment.

Senator Murray's mission is to bring attention to this grave issue and hold government officials accountable for not doing more to help veterans during the transition process.~~VLM

Iraq, Afghanistan Veterans Struggle to Find Jobs

The Associated Press

WASHINGTON -- More than 1 in 5 young Iraq and Afghanistan veterans was unemployed last year, the Labor Department said Friday.

Concerns that Guard and Reserve troops will be gone for long stretches and that veterans might have mental health issues or lack civilian work skills appear to be factors keeping the unemployment rate for Iraq and Afghanistan veterans at 20.9 percent, a slight drop from the year before, but still well over the 17.3 percent rate for non-veterans of the same age group, 18-24.

"The employers out there, they are military-friendly and veteran-friendly, and they love us and thank us and everything, but when you go apply for a job, it's almost like they are scared to take a risk for you. I don't get it. It doesn't make sense," said Iraq veteran Christopher Kurz, 28, who just moved back in with his parents in Arizona after spending two years looking for law enforcement work in New York.

Kurz said his time as a military police officer in Iraq and aboard a nuclear aircraft carrier didn't seem to translate into a job.

For Iraq and Afghanistan veterans of all ages, the unemployment rate last year was 11.5 percent. In 2009, 21.1 percent of young Iraq and Afghanistan war veterans were unemployed.

The problem has persisted despite government and private initiatives designed to help them. Advocates say more of a concentrated effort to have licensing and skills obtained in the military translate into the civilian workplace and more public awareness about what veterans offer employers are needed to tackle the problem.~~VLM

(Bullard Marshall, from page 5)



Logistics Jan Frye asked for questions. I raised my hand and asked him why he chooses to place SDVOSBs in the last “open market” category on the purchasing priority list for the VA when Congress, the VA, GAO, and US Court of Federal Claims have stated SDVOSBs shall be granted first priority.

He became quite defensive, even approaching me in anger at the end of the session. He and his colleague indicated that I was not correct, so I asked them to explain. They were too preoccupied with threats and insults to sit down and review their reasoning with me. I was asked for my business card and Mr. Frye’s colleague indicated he would send me supporting evidence. Unfortunately, I haven’t heard from either of them.

My invitation still stands for Mr. Frye to have a civilized conversation with me about his factual reasoning for relegating SDVOSBs to the last category on the VA purchasing priority hierarchy (VAAR 808.002 Priorities for use of Government supply sources). Otherwise, I will continue to educate COs and SDVOSB advocates based on the facts as I know them. I’m not an attorney, just the wife of a service disabled veteran who wants to help other veterans and their families. ~~VLM

Veteran Entrepreneurship

(SDVOSB News Services – June 2011)

A scientific study released in March of this year (funded by SBA) revealed interesting suggestions about veterans’ entrepreneurship. “Factors Affecting Entrepreneurship among Veterans,” measured multiple factors impacting entrepreneurship among veterans including key demographic data, length of service and timeframe of service.

Data were drawn from responses to a survey of more than 32,000 veterans. Conclusions suggested by this article are attributed to SDVOSB News Services.

A 2007 report from the Bureau of Labor Statistics was used for the SBA study. Our selected conclusions include:

- **Veterans are 45 percent more likely to be self-employed than civilians.**

Military service provides unique training and acculturation that makes veterans more likely to become self-employed. Some of these factors include: heightened responsibility, discipline, attention to detail and perseverance.

- **Veterans who served in World War II, the Korean War, and the Vietnam War era are more likely to be self-employed than are veterans serving since 2001.**
- **Veterans with career military service and families are more likely to be self-employed.**

This article does not reflect the opinion of the SBA Office of Advocacy. Interpretation is wholly attributable to SDVOSB News Services. For the full report, contact by email: advocacy@sba.gov or (202) 205-6533. ~~VLM

Other Voices

VLM receives emails and comments from members of the national SDVOSB community that provide perspective and a sense of political urgency to SDVOSB. Comments, criticism and suggestions are encouraged.

Email: bluepoint1@comcast.net

Identifying information from these forums is redacted.

Linked

—My firm received CVE verification in March. The verification did extend beyond the 90 day time frame they allot for approval. I had to e-mail and call several times to stay on top of the process. The people at the CVE are apparently receiving many requests for verification, which is slowing the process. Also, I was informed that while a company currently does not need to be CVE verified to receive a SDVOSB contract, legislation is coming which will require this. This will be great for those of us who are legitimate SDVs, and for our companies. I also hope that the CVE reviews the companies not only for legitimate SDV ownership and small business status, but also to ensure that the companies are actually licensed and insured to provide services for the NAICS codes they are listing for their company.

—I don't object to the submission of some documentation such as state articles of incorporation, LLC organization documents, county DBA notices or whatever paperwork persuasively demonstrates sole proprietor ownership, along with a vets' DD214 and yearly disability award letter, but anything beyond that is simply unreasonable.

—[Contracting Officers] seem to be systematically shutting out anyone that does not hold a GSA schedule contract. The contracts in my area that they are posting on the FBO as SDVOSB set asides are for large construction projects that require enormous bonding requirements, that again shuts out the small businesses. Then, when they can't find an SDVOSB that can acquire a \$30M bond, they lean on the crutch that "There are no SDVOSB's that can do the work."

—I think that it is discriminatory in so much as it puts an extreme burden on smaller companies that cannot afford the time and effort to be compliant. Nevertheless, there has been no effort on the part of the agency to ensure that the top secret proprietary information you give to them will be kept safe and away from competitors. How do you feel about your information being readily available to ANYONE IN THE WORLD to request it and then use it against you? Good or bad?



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