



# SUSPENSION AND DEBARMENT: WHAT YOU NEED TO KNOW

Department of the Navy  
Gold Coast Small Business Procurement Event  
August 23, 2017

## Acquisition Integrity Office

Office of the General Counsel  
Department of the Navy

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# Acquisition Fraud

“Any willful means of taking or attempting to take unfair advantage of the Government that occurs during the acquisition of goods or services... .”

SECNAVINST 5430.92B(4)(d)

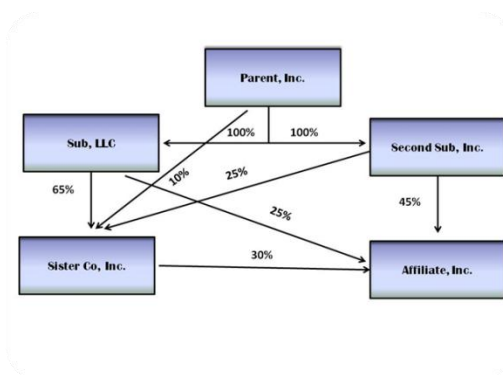




# Suspension & Debarment

## FAR Subpart 9.4

- Suspension (FAR 9.406-2)
  - *Temporarily* excludes a contractor from Government contracting.
- Debarment (FAR 9.407-2)
  - Excludes a contractor from Government contracting for a *specified period* of time.
- Protects Govt. Business Interest
  - Excludes non-responsible contractors from contracting.
  - Exclusion applies GOVERNMENT-WIDE
  - Can apply to both individuals and businesses





# Suspension & Debarment System for Award Management



- ❑ The mechanism for exclusion is entry of name, address, social, DUNS number on the System for Award Management (SAM).
- ❑ Contracting officers are required to review the SAM prior to awarding new contracts. FAR 9.105-1

[www.sam.gov](http://www.sam.gov)



# Any Given Day...

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AECOM

Rockwell  
Collins

**TEXTRON**

**NORTHROP GRUMMAN**

**Raytheon**

  
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**GENERAL DYNAMICS**  
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# Common Issues

- ❑ Bribery & Kickbacks
- ❑ Non-Disclosure / Procurement Integrity Act violations
- ❑ Small Business Status Falsification
- ❑ False Claims
  - Including cross mischarging; false testing; false certifications
- ❑ Labor Hour Mischarging
- ❑ Product Substitution / Counterfeiting
- ❑ Export Control Violations (ITAR)
- ❑ Poor Performance (T4D; lack of QA and internal controls; etc.)
- ❑ Environmental
- ❑ Serious or Compelling Misconduct (FAR 9.406-2(c))



# Wage Issues & Kickbacks

Leonard Santos



- Employees were being forced to kickback portions of their salary



- Site manager was targeted by Santos



- Santos convicted. Debarred Santos and his affiliated company (Sands Mechanical).

THE UNITED STATES ATTORNEY'S OFFICE  
DISTRICT *of* NEW JERSEY



# Small Business Set-Aside Fraud

## Frazier Masonry Company

- Frazier Set up several sham small businesses to get small business set-asides.
- Frazier misrepresents its status to prime.



## Bay Investment Group

- Misrepresented its status as HubZone to win NAVSUP and NAVFAC Contracts
- Debarred its two owners after conviction for making false statements.







# Contract Performance Issues

- Small Business construction company walks off of jobsite
- Leaves work incomplete



- Navy has to re-compete work
- Delays/costs/claims
- Company and owners debarred



# HOW TO REPORT

- DOD HOTLINE
  - 800-424-9098 (Toll-Free)
  - 703-604-8799 (Commercial)
  - 664-8799(DSN)

<http://www.dodig.mil/hotline/>



# Questions?