SUSPENSION AND DEBARMENT: WHAT YOU NEED TO KNOW

Department of the Navy
Gold Coast Small Business Procurement Event
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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

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**Diagram:**

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  Parent, Inc.  
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  /    
/     
|     |
|     |
Sis, Inc.  
_/       
| 100% | 
|      |
|      |
|      |
Sub, LLC  
/   
|    |  
| 100% |
|      |
|      |
|      |  
|      |
Second Sub, Inc.
/   
|    |  
| 100% |
|      |
|      |
|      |  
|      |
Affiliate, Inc.
```
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
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).
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?