

## JUSTICE NEWS

### Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, July 6, 2016

### **Information Technology Companies to Pay \$5.8 Million for Misrepresentations Relating to Small Business Status and Contract Fee Payments**

En Pointe Gov. Inc., En Pointe Technologies Inc., En Pointe Technologies Sales Inc., Dominguez East Holdings LLC and Din Global Corp., all of Gardena, California, have agreed to resolve allegations that they violated the False Claims Act by falsely certifying that En Pointe Gov. Inc. was a small business in order to obtain contracts set aside for small businesses and underreporting sales under a General Services Administration (GSA) contract to avoid the payment of fees, the Department of Justice announced today. Under the settlement agreement, the companies have agreed to pay slightly more than \$5.8 million. En Pointe Gov. Inc. is now known as Modern Gov IT Inc.; En Pointe Technologies Sales Inc. is now known as Collab9 Inc.; and En Pointe Technologies Inc. is now known as Dinco Inc.

“Contractors who misrepresent their eligibility for government contracts, or fail to pay amounts owed under those contracts, undermine the integrity of the procurement process,” said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department’s Civil Division. “The Justice Department will take action to fully protect taxpayer funds.”

“These companies defrauded the government in two ways, each of which cost taxpayers,” said U.S. Attorney Eileen M. Decker for the Central District of California. “Small businesses, in some cases, are eligible to receive a preference when government contracts are issued. Large companies that fraudulently solicit and obtain contracts under small business set-aside programs, like the companies in this case, not only abuse the system but also harm legitimate small businesses by taking those contracts away from them.”

The government alleged that, between 2011 and 2014, the defendants were liable for false representations that En Pointe Gov. Inc. met Small Business Administration (SBA) requirements to obtain work that was only available to small businesses. In particular, the government alleged that En Pointe Gov Inc.’s affiliation with the other defendants rendered it a non-small business and, thus, ineligible for the small business set-aside contracts it obtained.

The government also alleged that defendants caused En Pointe Gov. Inc. to file false quarterly reports with the GSA between 2008 and 2015 underreporting sales made under a GSA schedule contract that allowed other federal agencies to purchase from En Pointe. Under the terms of the contract, En Pointe was supposed to return to GSA a percentage of its sales receipts. By allegedly misrepresenting the amount of its sales, En Pointe underpaid the fees that it owed to GSA.

“GSA contractors must be forthright in their dealings with the United States,” said GSA Inspector General Carol

Fortine Ochoa.

“Federal contracts set aside for small businesses are intended to grow the economic base of the nation,” said SBA Inspector General Peggy E. Gustafson. “The Office of Inspector General will aggressively investigate such misrepresentations to ensure only eligible businesses are awarded these contracts. I want to thank the U.S. Department of Justice for its dedication to pursuing justice in this case.”

“This case represents the cooperative effort of SBA and the Department of Justice to uncover and remedy fraud in federal contracting with small businesses,” said SBA General Counsel Melvin F. Williams, Jr. “Uncovering and pursuing fraud cases is one of SBA’s highest priorities.”

The settlements resolve allegations filed in a lawsuit by Minburn Technology Group, LLC (Minburn), a Virginia company that sells information technology products and services, and Anthony Colangelo, Minburn’s managing member. The lawsuit was filed under the *qui tam*, or whistleblower, provisions of the False Claims Act, which permit private individuals to sue on behalf of the government for false claims and to share in any recovery. The Act also allows the government to intervene and take over the action, as it did in this case. Minburn and Mr. Colangelo will receive approximately \$1.4 million.

This settlement was the result of a coordinated effort by the Civil Division’s Commercial Litigation Branch, the U.S. Attorney’s Office for the Central District of California and the GSA and SBA Inspector General Offices.

The case is captioned *United States ex rel. Colangelo et al. v. En Pointe Gov., Inc., et al.*, CV14-5865-RGK (JPRx) (C.D. Cal.). The claims resolved by the settlements are allegations only and there has been no determination of liability.