

November 20, 2009

(WASHINGTON, D.C.) -- U.S. Congressman Jason Altmire (PA-04) today announced that he is pushing for legislation that would crack down on businesses that secure government contracts by pretending to be owned by service-disabled veterans. According to a report released in October by the Government Accountability Office (GAO), \$100 million in federal contracts have gone to businesses that fraudulently presented themselves as being service-disabled veteran-owned small businesses.

Under federal law, three percent of all federal contracting dollars must be awarded to small businesses owned by service-disabled veterans.

“It is outrageous that federal contracts intended for service-disabled veteran-owned small businesses are being awarded to firms that are totally unqualified to receive them,” Altmire said. “The businesses that are effectively stealing federal contracts from service-disabled veterans must be held accountable for their actions. We should do everything we can to make sure that federal contracts intended to go to veteran entrepreneurs go to them and no one else.”

Altmire is an original cosponsor of the Service-Disabled Veteran-Owned Small Business Procurement Reform Act of 2009 (H.R. 4125). Under this legislation, firms that fraudulently present themselves as service-disabled veteran-owned small businesses when applying for federal contracts would be subject to criminal penalties, including fines of up to \$500,000 and/or imprisonment of up to 10 years. In each of the ten cases cited in the GAO’s October report, none of the businesses that fraudulently obtained government contracts were punished or prohibited from applying for additional federal contracts.

H.R. 4125 also takes steps to prevent future instances of fraud within the U.S. Small Business Administration’s (SBA) Service-Disabled Veteran-Owned Small Business (SDVOSB) program. Specifically, the bill would establish an Office of Service-Disabled Veteran-Owned Small Business Procurement that would be responsible for ensuring that contracts intended for businesses owned by service-disabled veterans are awarded to qualified recipients. The GAO report found that currently the U.S. Small Business Administration (SBA) and government contractors are not conducting the oversight necessary to confirm that businesses applying for contracts are indeed owned by service-disabled veterans.

The GAO Report can be downloaded at <http://www.house.gov/smbiz/democrats/GAO-SDVOSB.pdf>