



DEPARTMENT OF THE AIR FORCE

ARLINGTON, VA 22203-1613

NOV 24 2010

Office of the Deputy General Counsel

FILE COPY

VIA FEDERAL EXPRESS

SAF/GCR
4040 N. Fairfax Drive
Suite 204
Arlington, VA 22203

Steven Goldstein
Advanced Office Concepts, LLC



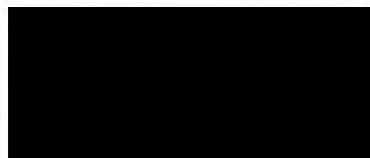
Re: Notice of Debarment

Mr. Goldstein,

By letter dated September 2, 2010, the Air Force initiated proceedings to debar you, Steven Goldstein, from contracting with the United States Government. That letter provided you with an opportunity to submit information and argument in opposition to the proposed debarment. Through legal counsel you responded to the proposed debarment notice.

Based upon the information in the administrative record in this matter, I have determined that protection of the Government's interests requires that you be debarred from contracting with the United States Government. The basis for my decision is set forth in the attached Memorandum in Support of the Debarment (Encl. 1). The effects of debarment are those stated in the September 2, 2010, Notice of Proposed Debarment.

Your debarment is effective immediately and continues for three years from September 3, 2009, the date you were initially suspended. Your debarment will terminate on September 2, 2012.



STEVEN A. SHAW
Deputy General Counsel
(Contractor Responsibility)

Cc:
Encl. a/s



DEPARTMENT OF THE AIR FORCE

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Office of the Deputy General Counsel

VIA FEDERAL EXPRESS

SAF/GCR
4040 N. Fairfax Drive
Suite 204
Arlington, VA 22203

Advanced Office Concepts, LLC
[REDACTED]

Re: Notice of Debarment

Sir/Madam,

By letter dated September 2, 2010, the Air Force initiated proceedings to debar Advanced Office Concepts, LLC, (DUNS No. 06-112-1609) from contracting with the United States Government. That letter provided you with an opportunity to submit information and argument in opposition to the proposed debarment. Through legal counsel you responded to the proposed debarment notice.

Based upon the information in the administrative record in this matter, I have determined that protection of the Government's interests requires that you be debarred from contracting with the United States Government. The basis for my decision is set forth in the attached Memorandum in Support of the Debarment (Encl. 1). The effects of debarment are those stated in the September 2, 2010, Notice of Proposed Debarment.

Your debarment is effective immediately and continues for three years from September 3, 2009, the date Advanced Office Concepts, LLC, initially suspended. Your debarment will terminate on September 2, 2012.

[REDACTED]
STEVEN A. SHAW
Deputy General Counsel
(Contractor Responsibility)

Cc: [REDACTED]
Encl. a/s



Office of the Deputy General Counsel

MEMORANDUM IN SUPPORT OF THE DEBARMENTS OF:

ADVANCED OFFICE CONCEPTS, LLC
STEVEN GOLDSTEIN

On September 3, 2009, the Air Force suspended Advanced Office Concepts, LLC, and Steven Goldstein (collectively, "Respondents"), from Government contracting and from directly or indirectly receiving the benefits of Federal assistance programs. On September 2, 2010, the Air Force terminated the suspensions and proposed the Respondents for debarment. The actions were initiated pursuant to Federal Acquisition Regulation (FAR) Subpart 9.4.

Respondents presented arguments in opposition to the suspensions and to the proposed debarments through legal counsel. I have read and carefully considered all information in the administrative record.

INFORMATION IN THE RECORD

The record establishes by a preponderance of evidence that at all times relevant hereto:

Relevant Parties

1. Advanced Office Concepts, LLC ("AOC") is a manufacturer and distributor of office furniture located in Blaine, Minnesota. Since 2000, AOC has been awarded nearly 13 million dollars in Government contracts.
2. Steven Goldstein ("Goldstein") and his wife Linda Goldstein are the sole owners of AOC. Goldstein is the president of AOC.
3. Cindy Benson ("Benson") is AOC's Senior Designer and Payman Saghafi ("Saghafi") is AOC's Marketing and Sales Manager. Kevin Titus ("Titus") is a former AOC Sales Representative. Benson, Saghafi, and Titus' responsibilities include soliciting business for AOC, preparing quotes for Government projects, and submitting bids for Government contracts.
4. HNI International (f/k/a HON International) is a wholly-owned subsidiary of HNI Corporation (f/k/a HON Industries). HNI International is a distributor of office furniture. Allsteel, Inc. ("Allsteel") is also a subsidiary of HNI Corporation.
5. From 2002 until 2008, James Woepking ("Woepking") was employed as HNI International's Export Sales and Business Development Manager. Woepking's responsibilities included soliciting business for HNI International, preparing quotes for Government projects, and submitting bids for Government contracts. Woepking was terminated by HNI International in 2008.

6. Nova International, Inc. ("Nova") is an independent multi-line dealer of office furniture that operates primarily overseas. Since 2000, Nova has been awarded nearly 35 million dollars in Government contracts. Nova's headquarters in Washington, D.C. includes a staff that is in charge of sales, marketing, and customer service/operations and administration. Nova also has independent sales representatives in Japan, Korea, Guam, Germany, the United Kingdom, and Italy. These sales representatives focus almost exclusively on U.S. military customers.

7. Timothy H. Rose ("Rose") is Nova's president, and he owns 100% of Nova's capital stock. Rose primarily works from Nova's Washington, D.C. offices.

8. Janna Covitz ("Covitz") and McKenzie Lyle ("Lyle") are Nova employees whose responsibilities include preparing price quotes for Government projects and submitting bids for Government contracts.

9. Andrew Dickie ("Dickie") is a former Nova employee. Dickie was hired by Nova in 1997 as a Project Manager. Dickie resigned from his employment with Nova in May 2008.

10. Ken Cho ("Cho") is a former Nova sales associate. Cho worked in Nova's Washington, D.C. offices until he was placed on leave by Rose following Nova's September 2009 suspensions. While employed by Nova, Cho was responsible for providing administrative and clerical support to Nova's sale agents. These responsibilities included preparing price quotes for U.S. Government customers.

11. John Himbele ("Himbele") was employed by Nova as an independent sales agent in Japan. Himbele was responsible for soliciting business and preparing quotations for U.S. Government customers in mainland Japan. At times, Himbele relied upon other Nova personnel, such as Dickie, Cho, Lyle, or Covitz, to prepare quotations for Government customers in Japan.

The Misconduct

12. The Department of Defense ("DOD"), by and through various branches of the United States Armed Forces, is a large purchaser of office furniture and related products. DOD purchases furniture for United States military installations domestically and abroad using the General Services Administration ("GSA") Multiple Award Schedule. When placing orders against the GSA Multiple Award Schedule, DOD contracting personnel are generally required to consider multiple competitive GSA schedule contractors for furniture products and related services. *See* FAR Subpart 8.4. The purpose for considering multiple competitive GSA schedule contractors is to promote the award of contracts in a competitive environment.

13. In an effort to avoid competition, AOC employees, including Benson, Saghafi, and Titus, frequently supplied the Government with multiple quotes, some of which were created to appear to have originated from sources other than AOC. These quotes made no reference to AOC as the agent of record and were intentionally priced higher than the "real" AOC quote, despite the fact that all or most of the quotes were for identical products. AOC president Goldstein was aware of and participated in this misconduct.

14. For example, in May 2005, AOC salesperson Titus submitted a bid for an office furniture purchase being made by Dover Air Force Base ("Dover AFB"). In addition to submitting the AOC bid, Titus also e-mailed a Dover AFB contracting official two additional proposals that were purportedly from Nova and a company called "Perry & Associates." These two additional proposals, which contained identical designs and products, were actually inflated price quotes which were authored by Titus in an effort to undermine competition and increase AOC's chance of winning the Government contract.

15. In some instances, in an effort to deceive Government employees, AOC employees colluded with other companies, such as Nova and HNI International, by requesting that they submit quotes that AOC had prepared so as to appear the quotes were from different sources. These "dummy quotes" contained inflated prices in an effort to create the appearance of competition and to improve AOC's chances of winning Government contracts. AOC president Goldstein was aware of and participated in this collusion.

16. For example, in March 2006, Nova manager Dickie submitted a quote to the contracting officer at Dover AFB for a contract on which AOC had previously submitted a bid. A review of the quote, which was sent by Dickie electronically via e-mail, revealed that the document was actually authored by an AOC employee. A comparison of the Nova "dummy" quote and the AOC quote revealed that the Nova quote, which was actually created by AOC, was intentionally priced higher, despite the fact that the quotes were for identical products and designs.

17. At other times, in reciprocation, AOC employees and Woepking submitted "dummy" quotes to the Government for contracts on which another company, such as Nova, had previously submitted a bid. These "dummy" quotes, which had actually been prepared by Nova, were intentionally priced higher than the "real" Nova quote in an effort to create the appearance of competition and to improve Nova's chances of winning Government contracts.

18. The excerpted email communications below between Nova and AOC employees, dated August 5-7, 2005, gives an example of the collusive activity carried out by Nova, HNI International, and AOC to disguise the origin of quotes:

- A Government customer e-mails Hlimbele, requesting, "Two additional quotes."
- Hlimbele forwards the customer's e-mail to Cho and Dickie and requests, "Two competing quotes by tomorrow to submit to contracting. Must come from separate sources and also have different poc's [sic] on quotes."
- Cho replies-all: "I'm at the Pentagon all morning. Jenna [Covitz], can you help out and gin up 2 competing quotes and ask James Woepking [of HNI International] and the guy from AOC to submit them for us? Andrew [Dickie] knows the drill."
- Covitz then e-mails Cindy Benson of AOC: "See attached. Please download to your computer and then e-mail the quotes to the [Government] as a bid from AOC."

- Covitz then confirms in an e-mail to Cho and Dickie, copying Rose, "I asked both AOC and HNI [International] to submit."
- Himbele replies-all to Covitz' email: "Janna please double check with all concerned, to confirm task completed thanks john [sic]"
- Covitz responds to Himbele, replying-all: "Yes, both AOC and HNI [International] submitted bids."

19. The collusive activity is also demonstrated in the following communication concerning a furniture acquisition out of Yokota Air Base Japan. In the communication Dickie contacts Goldstein and Benson, stating: "You might get some requests to verify quotes done by, ahem, 'you' from Kasami Tatsuo of Yokota AB. * * * If you would, just forward them to me." The record reflects Goldstein received and responded to Dickie's email. Moreover, the record establishes that Goldstein and Dickie acted to disguise the origins of the quotes from the government representative.

20. Yet another example of this fraudulent, collusive activity involved a 2.1 million dollar project for gymnasium equipment at the U.S. Navy Public Works Center in Yokosuka, Japan. Upon receipt of Nova's quote, provided by Himbele, the Navy forwarded Nova's quote to GovWorks to procure funding for the project in February 2005. At some point during the bidding process, Dickie contacted AOC employees and Woepking and requested that AOC and HNI International submit price-inflated "dummy" quotes to the Navy to ensure that Nova would be the lowest bidder on the project. AOC and HNI International complied with Dickie's request, and Nova, as the lowest bidder, was awarded the project.

ANALYSIS

The evidence establishes that AOC and Goldstein engaged in activities with other companies and individuals to undermine price competition for various DOD furniture acquisitions. While some may claim that AOC's and Goldstein's conduct may not amount to criminal activity, it unquestionably displays a lack of business integrity and is otherwise seriously improper. Respondents do not offer any evidence that refutes the information presented in this action, nor do Respondents offer any evidence concerning their present responsibility (*i.e.*, Respondents have not offered any evidence addressing the factors set forth at FAR 9.406-1).

The Respondents Conduct Reflects a Lack of Business Integrity

Respondents' arguments are for the most part irrelevant, or, where relevant, miss the mark. This action is not a criminal matter, and it does not require that the underlying misconduct be proved by necessary elements, or by an evidentiary burden greater than a preponderance. Rather, the focus in a debarment action is whether there exists a need to protect the government's interests. *See* FAR 9.402(b). In this case, the evidence establishes a need to protect the government from contractors that lack sufficient integrity to be presently responsible business partners.

Notwithstanding Respondents' repeated claims that there exist disputed material facts that require an evidentiary hearing, there are sufficient undisputed material facts with which to decide this action. Chiefly, it is undisputed that AOC submitted, with Goldstein's knowledge, price quotes designed to undermine price competition in government furniture acquisitions. Likewise, there is undisputed evidence that AOC allowed other companies to submit price quotes in AOC's name for purposes of undermining price competition. Even Respondents have acknowledged in their submission to this office in October 2009 in response to an earlier suspension under FAR Subpart 9.4 that additional quotes provided by AOC, and those collaborating with AOC, were offered "solely to 'paper' the government's file." Respondents' October 21, 2009 Submission, p. 4. Respondents also acknowledged in their October 2009 submission:

[T]he apparent purpose of this 'three-quote' request was to permit the contracting officer to have two additional quotes in his or her file to save the contracting officer the time and hassle of securing additional bids on furniture items or alternatively to avoid the requirements imposed on contracting officers by the Federal Acquisition Regulations that require documenting why three quotes were not obtained when awarding a contract.

Id., p.6. Again, even assuming, solely for purposes of this discussion, that the conduct may not be criminal, it had the effect of undermining price competition by presenting false and/or misleading information to the government, and reflects a lack of business integrity on the part of the participants.

Improper Conduct by Government Officials Does Not Excuse Respondents' Misconduct

Respondents also argue that any misconduct on their part resulted from their desire to cooperate with the government customer. It is interesting that Respondents hedge this argument by noting the contractor's obligation to cooperate with the government when the contracting official "asks for something reasonable." Respondents' November, 8, 2010 Submission, p. 5. In this case, Respondents knew that their efforts were designed to create a false appearance of competition in government furniture acquisitions. Such fraudulent conduct does not fall within the realm of "reasonable." Moreover, Respondents cannot escape their misconduct by pointing to the misconduct of others. To the extent relevant to this action, the other participants in the "dummy" quote scheme – government officials and contractors – have been, or will be disciplined or subjected to other appropriate remedial actions for their misconduct. In short, Respondents' estoppel argument misses the mark, as this action is focused on Respondent's present responsibility.

Whether or Not Three Quotes Were Required is Irrelevant

Respondents argue that three quotes may not have been required to support the government furniture buys off the Federal Supply Schedule. For purposes of this analysis, it is not necessary to determine the number of quotes required or permitted by the applicable legal

authority. What is important is that the government ordering officials elected to solicit multiple quotes from industry representatives, including AOC. AOC, acting with other industry representatives, in turn, submitted "dummy" quotes to the government ordering officials to create the appearance of competition. The conduct on the part of the AOC, and the other companies working with AOC to create this false appearance of competition, reflects a lack of present responsibility.

Respondents Have Failed to Produce Any Evidence Establishing Present Responsibility

The debarring official must determine whether debarment is in the government's interest. FAR 9.406-1(a). In this case, there exist causes for debarment: the Respondents have engaged in serious misconduct by creating the false appearance of competition through the submission of multiple quotes and/or "dummy" quotes. Respondents' conduct had the effect of undermining the competitive bidding process, a process that promotes the best return on the expenditure of taxpayer dollars. Accordingly, the burden shifts to the Respondents to demonstrate their present responsibility. In this case, the Respondents have failed to establish their present responsibility, as evidenced by an analysis of the FAR 9.406-1 mitigating factors:

- The Respondents have not presented any evidence establishing that AOS had effective standards of conduct and internal control systems in place at the time of the activity that is the cause for debarment, or that AOS has ever adopted such systems.
- The Respondents have not presented any evidence that AOS or Goldstein timely disclosed the activity forming the basis for the debarment to appropriate government officials.
- The Respondents have not presented any evidence that AOS has investigated the circumstances surrounding the cause for debarment, notwithstanding the fact that AOS and Goldstein were on notice of the government investigation since April 2008.
- The Respondents have not presented any evidence that they cooperated fully with the government agencies during the investigation.
- The Respondents have not presented any evidence that they have considered making restitution to the government.
- The Respondents have not presented any evidence that they disciplined the individuals responsible for the activity that is the cause of the debarment, including Goldstein.
- The Respondents have not presented any evidence that they have or will institute remedial measures to prevent a recurrence of the conduct forming the basis for the debarment.

- The Respondents have not presented any evidence that they have instituted or agreed to institute new or revised internal control procedures or ethics training programs.
- The Respondents have not presented any evidence that they have had sufficient time to eliminate the circumstances that led to the cause of the debarment.
- The Respondents have not presented any evidence that AOS's management, including Goldstein, recognize and understand the seriousness of the misconduct giving rise to the debarment.

Respondents have not presented any other evidence establishing a basis for determining AOS or Goldstein as presently responsible.¹

FINDINGS

1. The improper conduct of AOC and Goldstein is of so serious or compelling a nature that it affects their present responsibility to be Government contractors or subcontractors and provides a separate independent basis for each of their debarments pursuant to FAR 9.406-2(c).

2. Pursuant to FAR 9.406-5(a), the seriously improper conduct of Goldstein is imputed to AOC because his seriously improper conduct occurred in connection with the performance of his duties for or on behalf of AOC, or with the knowledge, approval, or acquiescence of AOC. The imputation of Goldstein's conduct provides a separate independent basis for the debarment of AOC.

3. Pursuant to FAR 9.406-5(b), the seriously improper conduct of AOC is imputed to Goldstein because as an officer, director, shareholder, partner, employee or other person associated with AOC, he knew or had reason to know of AOC's seriously improper conduct. The imputation of AOC's seriously improper conduct to Goldstein provides a separate independent basis for his debarment.

4. Pursuant to FAR 9.406-1(b), debarments may be extended to the affiliates of a contractor. AOC and Goldstein are affiliates, as defined at FAR 9.403 (Affiliates), because directly or indirectly, Goldstein has power to control AOC. The affiliation of Goldstein and AOC provides a separate independent basis for each of their debarments.

¹ The record is closed in this matter. Should Respondents elect to present evidence of the "implementation of detailed compliance programs and other measures" (Respondents Submission, p. 12) for the purposes establishing present responsibility, Respondents may do so in a request for reconsideration. *See* FAR 9.406-4(c).

DECISION

Pursuant to the authority granted by FAR subpart 9.4, Defense FAR Supplement subpart 209.4, and 32 C.F.R. Section 25, and based on the evidence contained in the administrative record and the findings herein, AOS and Goldstein are debarred for a period of three years from September 3, 2009, the date of the initial suspension. Their debarments shall terminate on September 2, 2012.



STEVEN A. SHAW
Deputy General Counsel
(Contractor Responsibility)



DEPARTMENT OF THE AIR FORCE

ARLINGTON, VA 22203-1613

NOV 3 0 2010

Office of the Deputy General Counsel

VIA FEDERAL EXPRESS

SAF/GCR
4040 N. Fairfax Drive
Suite 204
Arlington, VA 22203

Ms. Cindy Benson
Advanced Office Concepts, LLC



Re: Notice of Debarment

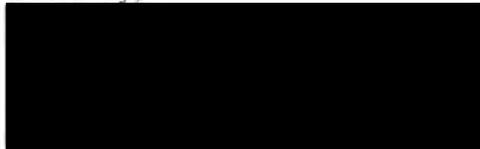
Dear Ms. Benson:

By letter dated September 2, 2010, the Air Force initiated proceedings to debar you from contracting with the United States Government. The letter provided you with an opportunity to submit information and arguments in opposition to the proposed debarment. To date, you have not responded to the proposed debarment notice.

Based upon the information in the administrative record in this matter, I have determined that protection of the Government's interests requires that you be debarred from contracting with the United States Government. The effects of debarment are those stated in the September 2, 2010, Notice of Proposed Debarment.

This debarment is effective immediately and continues for three years from September 3, 2009, the date you were suspended. Your debarment will terminate September 2, 2012.

Sincerely,



STEVEN A. SHAW
Deputy General Counsel
(Contractor Responsibility)



DEPARTMENT OF THE AIR FORCE

ARLINGTON, VA 22203-1613

NOV 30 2010

Office of the Deputy General Counsel

VIA FEDERAL EXPRESS

SAF/GCR
4040 N. Fairfax Drive
Suite 204
Arlington, VA 22203

Mr. Payman Saghafi
Advanced Office Concepts, LLC



Re: Notice of Debarment

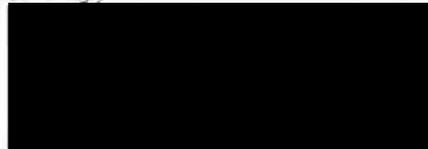
Dear Mr. Saghafi:

By letter dated September 2, 2010, the Air Force initiated proceedings to debar you from contracting with the United States Government. The letter provided you with an opportunity to submit information and arguments in opposition to the proposed debarment. To date, you have not responded to the proposed debarment notice.

Based upon the information in the administrative record in this matter, I have determined that protection of the Government's interests requires that you be debarred from contracting with the United States Government. The effects of debarment are those stated in the September 2, 2010, Notice of Proposed Debarment.

This debarment is effective immediately and continues for three years from September 3, 2009, the date you were suspended. Your debarment will terminate September 2, 2012.

Sincerely,



STEVEN A. SHAW
Deputy General Counsel
(Contractor Responsibility)



DEPARTMENT OF THE AIR FORCE

ARLINGTON, VA 22203-1613

NOV 30 2010

Office of the Deputy General Counsel

VIA FEDERAL EXPRESS

SAF/GCR
4040 N. Fairfax Drive
Suite 204
Arlington, VA 22203

Mr. Kevin Titus
Advanced Office Concepts, LLC



Re: Notice of Debarment

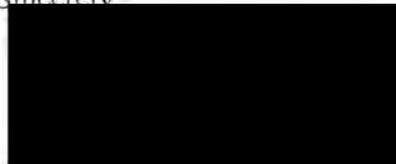
Dear Mr. Titus:

By letter dated September 2, 2010, the Air Force initiated proceedings to debar you from contracting with the United States Government. The letter provided you with an opportunity to submit information and arguments in opposition to the proposed debarment. To date, you have not responded to the proposed debarment notice.

Based upon the information in the administrative record in this matter, I have determined that protection of the Government's interests requires that you be debarred from contracting with the United States Government. The effects of debarment are those stated in the September 2, 2010, Notice of Proposed Debarment.

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STEVEN A. SHAW
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Mr. James Woepking


Re: Notice of Debarment

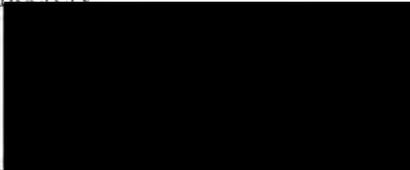
Dear Mr. Woepking:

By letter dated September 2, 2010, the Air Force initiated proceedings to debar you from contracting with the United States Government. The letter provided you with an opportunity to submit information and arguments in opposition to the proposed debarment. At your request, an extension to respond was granted to November 10, 2010. To date, you have not responded to the proposed debarment notice.

Based upon the information in the administrative record in this matter, I have determined that protection of the Government's interests requires that you be debarred from contracting with the United States Government. The effects of debarment are those stated in the September 2, 2010, Notice of Proposed Debarment.

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STEVEN A. SHAW
Deputy General Counsel
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DEPARTMENT OF THE AIR FORCE

ARLINGTON, VA 22203-1613

SEP 02 2010

Office of the Deputy General Counsel

MEMORANDUM IN SUPPORT OF THE PROPOSED DEBARMENTS OF:

ADVANCED OFFICE CONCEPTS, LLC
STEVEN GOLDSTEIN
CINDY BENSON
PAYMAN SAGHAFI
KEVIN TITUS
JAMES WOEPKING

Effective this date the Department of the Air Force has terminated the suspensions, and proposed the debarments of Advanced Office Concepts, LLC, Steven Goldstein, Cindy Benson, Payman Saghafi, Kevin Titus, and James Woepking from Government contracting and from directly or indirectly receiving the benefits of Federal assistance programs. The action is initiated pursuant to Federal Acquisition Regulation (FAR) Subpart 9.4.

INFORMATION IN THE RECORD

The record establishes that at all times relevant hereto:

Relevant Parties

1. Advanced Office Concepts, LLC ("AOC") is a manufacturer and distributor of office furniture located in Blaine, Minnesota. Since 2000, AOC has been awarded nearly 13 million dollars in Government contracts.
2. Steven Goldstein ("Goldstein") and his wife Linda Goldstein are the sole owners of AOC. Goldstein is the president of AOC.
3. Cindy Benson ("Benson") is AOC's Senior Designer and Payman Saghafi ("Saghafi") is AOC's Marketing and Sales Manager. Kevin Titus ("Titus") is a former AOC Sales Representative. Benson, Saghafi, and Titus' responsibilities include soliciting business for AOC, preparing quotes for Government projects, and submitting bids for Government contracts.
4. HNI International (f/k/a HON International) is a wholly-owned subsidiary of HNI Corporation (f/k/a HON Industries). HNI International is a distributor of office furniture. Alisteel, Inc. ("Alisteel") is also a subsidiary of HNI Corporation.
5. From 2002 until 2008, James Woepking ("Woepking") was employed as HNI International's Export Sales and Business Development Manager. Woepking's responsibilities included soliciting business for HNI International, preparing quotes for Government projects,

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to have originated from sources other than AOC. These quotes made no reference to AOC as the agent of record and were intentionally priced higher than the “real” AOC quote, despite the fact that all or most of the quotes were for identical products. AOC president Goldstein was aware of and participated in this misconduct.

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- A Government customer e-mails Himbele, requesting, “Two additional quotes.”
 - Himbele forwards the customer’s e-mail to Cho and Dickie and requests, “Two competing quotes by tomorrow to submit to contracting. Must come from separate sources and also have different poc’s [sic] on quotes.”

- Cho replies-all: "I'm at the Pengaton all morning. Jenna [Covitz], can you help out and gin up 2 competing quotes and ask James Woepking [of HNI International] and the guy from AOC to submit them for us? Andrew [Dickie] knows the drill."
- Covitz then e-mails Cindy Benson of AOC: "See attached. Please download to your computer and then e-mail the quotes to the [Government] as a bid from AOC."
- Covitz then confirms in an e-mail to Cho and Dickie, copying Rose, "I asked both AOC and HNI [International] to submit."
- Himbele replies-all to Covitz' email: "Janna please double check with all concerned, to confirm task completed thanks john [sic]"
- Covitz responds to Himbele, replying-all: "Yes, both AOC and HNI [International] submitted bids."

19. Another example of this fraudulent, collusive activity involved a 2.1 million dollar project for gymnasium equipment at the U.S. Navy Public Works Center in Yokosuka, Japan. Upon receipt of Nova's quote, provided by Himbele, the Navy forwarded Nova's quote to GovWorks to procure funding for the project in February 2005. At some point during the bidding process, Dickie contacted AOC employees and Woepking and requested that AOC and HNI International submit price-inflated "dummy" quotes to the Navy to ensure that Nova would be the lowest bidder on the project. AOC and HNI International complied with Dickie's request, and Nova, as the lowest bidder, was awarded the project.

BASES FOR THE PROPOSED DEBARMENTS

1. The improper conduct of AOC, Goldstein, Benson, Saghafi, Titus, and Woepking is of so serious or compelling a nature that it affects their present responsibility to be Government contractors or subcontractors and provides a separate independent basis for each of their debarments pursuant to FAR 9.406-2(c).

2. Pursuant to FAR 9.406-5(a), the seriously improper conduct of Goldstein, Benson, Saghafi, and Titus is imputed to AOC because their seriously improper conduct occurred in connection with the performance of their duties for or on behalf of AOC, or with the knowledge, approval, or acquiescence of AOC. The imputation of Goldstein, Benson, Saghafi, and Titus' conduct provides a separate independent basis for the debarment of AOC.

3. Pursuant to FAR 9.406-5(b), the seriously improper conduct of AOC is imputed to ~~Goldstein, Benson, Saghafi, and Titus because as an officer, director, shareholder, partner,~~ employee or other person associated with AOC, they knew or had reason to know of AOC's seriously improper conduct. The imputation of AOC's seriously improper conduct to Goldstein, Benson, Saghafi, and Titus provides a separate independent basis for each of their debarments.

4. Pursuant to FAR 9.406-1(b), debarments may be extended to the affiliates of a contractor. AOC and Goldstein are affiliates, as defined at FAR 9.403 (Affiliates), because directly or

indirectly, Goldstein has power to control AOC. The affiliation of Goldstein and AOC provides a separate independent basis for each of their debarments.



STEVEN A. SHAW
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(Contractor Responsibility)