

Fraud

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Facts

Outreach and Thought Leadership: Issues Facing the Debarment and Procurement Fraud Communities

SAF/GCR is the Air Force debarment authority and leads the Air Force's procurement fraud remedies program in coordinating contractual, administrative, civil, and criminal remedies. These responsibilities are significant and, alone, keep us busy. In fact, FY2011 was one of our busiest years with 367 suspension and debarment actions and over \$260 million in total fraud recoveries. The raw data suggests that GCR's vision of a proactive debarment and fraud remedies program with all stakeholders working together is becoming a reality.

While we could carry out our mission focusing exclusively on debarment of non-responsible contractors and overseeing fraud remedies from headquarters, we choose to be engaged in active thought leadership and outreach to all stakeholders. Outreach is critical to the success of our mission. Outreach gives us the opportunity to promote the Air Force's vision and to exchange ideas with stakeholders, including DOD and civilian officials, industry, private bar and trade associations, and lawmakers on Capitol Hill. Such outreach enables us to influence positive long-lasting behavior Government-wide and industry-wide. Ultimately, outreach ensures more attention is placed on protecting the Government's interests.

In this edition of Fraud Facts, you will read all about our recent outreach, including:

- GCR's Comments on the Wartime Commission Report;
- GCR's Congressional Testimony;
- GCR's Interagency Agreement with the Department of Commerce;
- The Experiences of Three GCR Detailees;
- GCR's Industry Outreach and Promotion of Values-Based Ethics; and
- Some recent Air Force Debarments and Administrative Agreements

GCR welcomes your thoughts, including new outreach initiatives you believe we should consider. Direct comments and proposed articles to the Editor-In Chief at: Todd.Canni@pentagon.af.mil. We hope you enjoy this edition!



GCR's Comments on the Wartime Commission Report

GCR recently published an article entitled "Comments on the Wartime Contracting Commission's Recommendations on Suspension and Debarment" in the Service Contractor, a Professional Services Council publication. GCR's article was in response to the second interim report issued by the congressionally chartered Commission on Wartime Contracting in Iraq and Afghanistan. In its report, entitled, "At what risk? Correcting over-reliance on contractors in contingency operations," the Commission found that agencies are not suspending and debaring as frequently as is necessary and offered several reasons for such inaction:

- Agencies prefer to enter into administrative agreements in lieu of debarment;
- Procedural complexities discourage suspension and debarment (S&D), such as the perceived requirement to hold a hearing prior to the initial exclusion through a notice of proposed debarment or suspension; and
- The Department of Justice (DOJ) promises a favorable result with regard to agency S&D action when it enters into agreements with contractors to resolve criminal and/or civil matters.

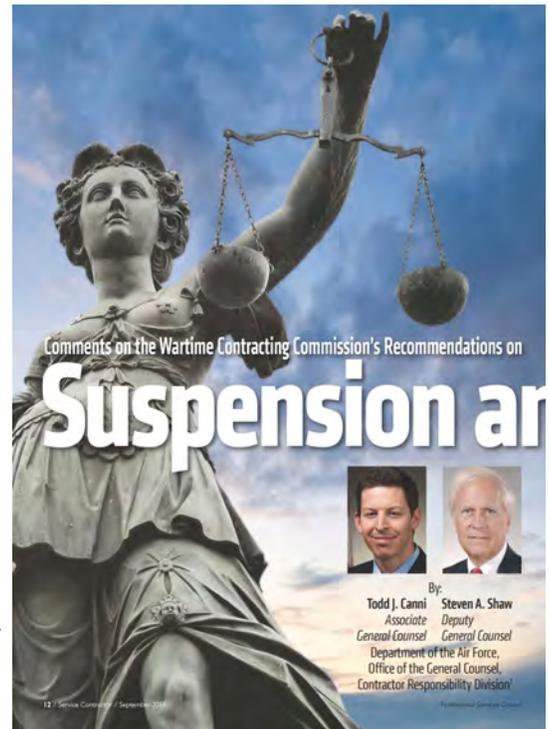
The Commission recommended several changes to the Suspension and Debarment system including:

- Where an agency Suspension Debarment Official (SDO) declines to take action against a contractor referred for consideration, the SDO should be required to document its decision, obtain the approval of the agency head, and post the declination decision in a government-wide database;
- Suspensions should be mandatory and automatic for government-contract-related indictments;
- Agencies in contingency environments should be exempted from holding a pre-exclusion hearing; and
- DOJ should be prohibited from making promises to contractors regarding S&D.

The Commission's Report left the public with an incomplete and inaccurate impression of the overall S&D system and painted with too broad a brush to the extent its recommendations went beyond its jurisdiction of contingency-contracting environments. Accordingly, GCR published an article with the aspiration that our comments would tell the whole suspension and debarment story and may even inform the Commission's final report.

While GCR's comments were extensive and included a detailed overview of how the suspension and debarment system works, below is a list of the subtitles from our article, which will hopefully peak your interest:

- **"SDO Discretion to Enter into Administrative Agreements is Critical to Motivating Positive Behavior within Organizations;"**
- **"There is No Requirement to Hold a Hearing Before Excluding a Contractor through a Notice of Suspension or Notice of Proposed Debarment;"**
- **"DOJ Cannot Make Promises Regarding S&D Action Without Agency Approval;"**
- **"Requiring Written Declination Decisions and Agency Head Approval Will Encroach on the Discretion and Independence of SDOs and Consume Limited Resources;"** and
- **"Automatic Suspensions for Contract-related Indictments Are Unnecessary and Bad Policy."**



GCR's Comments on the Wartime Commission Report (Continued)

GCR and others spoke and the Commission listened! In its final report, the Commission withdrew its recommendation regarding mandatory suspensions for government contract related indictments and scaled back its other recommendations. The Commission also recognized that there is no requirement to hold a pre-exclusion hearing and recommended that the hearing requirement, which comes into place after exclusion where the respondent raises a genuine dispute of material fact, only be relaxed in contingency environments. Similarly, the Commission withdrew its recommendation that SDOs be required to obtain agency head approval before declining cases and be required to post such declination decisions. The Commission recommended that SDOs document their declination decisions in response to "official recommendations such as those by inspectors general or contracting officials," which, for most agencies, should be business as usual.

We thank the Commission for its work and appreciate that it took stakeholder views into account.

To read GCR's full comments on the Commission's second interim report, visit GCR's website at: <http://www.safgc.hq.af.mil/shared/media/document/AFD-110830-023.pdf>



Federal News Radio Interviewed GCR!

GCR also was interviewed by Federal News Radio regarding its comments on the Wartime Commission's report. To listen to GCR's interview on Federal News Radio visit GCR's website at: <http://www.safgc.hq.af.mil/organizations/gcr/otheritemsofinterest/index.asp>

GCR's Steven A. Shaw Testifies Before Congress

On October 6, 2011, Steven Shaw testified before the House Committee on Oversight and Government Reform Subcommittee on Technology, Information Policy, Intergovernmental Relations and Procurement Reform. In addition to his written testimony, Steve discussed the Air Force's suspension and debarment program and its proactive approach to coordinating procurement fraud remedies. The Subcommittee looked to Mr. Shaw and the EPA as model suspension and debarment programs.

To read Steve's written testimony and see his live testimony, visit GCR's website at: <http://www.safgc.hq.af.mil/organizations/gcr/otheritemsofinterest/index.asp>



GCR Trains Commerce Attorneys

In April of 2011, GCR and the Office of Inspector General, Department of Commerce (Commerce) penned an Interagency Agreement, wherein GCR agreed to provide suspension and debarment training, instruction, and hands-on work experiences to Commerce attorneys in order to assist Commerce in its efforts to stand-up an active suspension and debarment program. The Interagency Agreement has proven to be a success and also has forged a strong relationship between the Air Force and Commerce. As a result, two Commerce attorneys have completed details in GCR and are now back at Commerce working debarment matters. This outreach is critical to the success of the Government-wide suspension and debarment program. GCR welcomes other agencies new to suspension and debarment to contact us regarding potential attorney detail arrangements. By helping each other, we serve the mission of protecting the Government's interests!

Commerce Debars Its First Contractor in 15 Years

By Wade Green, Jr., Counsel, Office of the Inspector General

"A minimum of fifteen years, but possibly even longer." This is not a description of a criminal sentence, though I took it just as seriously when I heard this figure upon assuming my duties as Counsel to the Inspector General at the Department of Commerce in 2009. The term of 15 years was the length of time since the Department had completed a suspension or debarment action. In a Cabinet-level agency with billions of dollars in annual procurement and grant expenditures, this inactivity was troublesome to me and to the Inspector General, who was also relatively new in his position. Two years later, we have realized significant progress through persistence, outreach to the suspension and debarment community, and an extremely beneficial partnership with GCR.

Our goal at the Office of Inspector General is to revive a moribund program and ensure that Commerce has a robust, fully-functioning suspension and debarment capability to protect the government's interests when the Department awards contracts and grants. Our vision is a process in which the Inspector General's investigative activities are fully leveraged by the Department's Suspending and Debarring Official (SDO) for the benefit of the taxpayer. Specifically, we are working to establish procedures that will result in high-quality referral packages and technical assistance for the SDO to enable him to take prompt and appropriate action as the circumstances warrant. We are also building in standard protocols and timeframes for follow-up actions to make sure that cases receive appropriate attention. To meet this goal, we have been working diligently within the Department to open a dialogue about the importance of suspension and debarment and best practices.

At the same time, the Office of Inspector General has benefited tremendously from its partnership with the Air Force. This relationship began with our referral of a matter for possible suspension or debarment involving an entity that had a large volume of contracts with Commerce and the Air Force. In this case, the entity was convicted of submitting a false certification after an investigation by a separate law enforcement arm of the Department of Commerce. The entity continued to receive government contracts in the ensuing years and, significantly, failed to disclose its conviction in its Online Representations and Certifications Application for several years. Based on our referral, the Air Force took swift action to suspend the entity and several individuals.

The Air Force's prompt, professional, and proficient approach signaled that we were working with a model suspension and debarment program. The Air Force agreed to host two of our staff attorneys for brief interagency details to allow them to gain valuable experience that they can import to the Office of Inspector General. We are already reaping the benefits, as one of these attorneys used his enhanced knowledge of suspension and debarment in a presentation that he gave to Commerce acquisition personnel. As these details continue, we expect many more successes while we help to build a suspension and debarment process that will set Commerce on the right path for the long haul. We also expect to have an ongoing relationship and dialogue with the Air Force and look forward to this continued partnership.

Incidentally, the fifteen-year-plus "sentence" is officially over. On May 13, 2011, Commerce recorded a final debarment action in the Excluded Parties List System.



Developmental Details: The Stories of GCR Detailees

GCR Through the Eyes of Commerce Attorneys

Robert O. Johnston, Jr., Assistant Counsel
Benjamin Goldstein, Assistant Counsel

Upon learning that the invigoration of the Department of Commerce's suspension and debarment program – which had been dormant for at least 15 years – was a major initiative for the Inspector General, the Office of Counsel began searching for ways to get up to speed quickly on the topic. After referring a potential suspension and debarment matter to the Air Force, we soon realized the expertise and skill resident at GCR. Though attorneys from the Office of Counsel had attended trainings on suspension and debarment, the possibility of gaining experience in a clinical setting was an opportunity too valuable to be missed. Therefore, less than a month later, a Commerce attorney began what would be the first of two details, spanning over two months, to GCR.

At the outset of our details, Air Force attorneys introduced us to an abundance of active cases that provided immediate immersion into the arena of suspension and debarment. Our first proposal for debarment was drafted and finalized in the first week, and our dockets were rapidly filled with cases in various stages. Under the tutelage of the GCR Associate General Counsel, we learned to distill the relevant facts in order to provide the SDO with a pointed but thorough analysis of each matter. Not only did we learn to view cases through the prism of present responsibility, we also acquainted ourselves with the forms and procedures that were necessary for the efficient administration of the office of the SDO and for compliance with due process. Further, we were exposed to the full panoply of fraud remedies. Our practice included corresponding with in-house counsel, regional fraud counsel, investigators, local law enforcement and various Air Force personnel in order to compile the supporting files and documentation necessary to support proposed actions. We also learned the logistics of the debarment process, including creating the administrative record, the procedures for notifying respondents, and using the Excluded Parties List System (EPLS).

GCR eased us into the process; initially, cutting our teeth on relatively clear-cut, conviction-based cases and then moving to tackle complex, fact-based matters. In a busy office with ample work, we

GCR Through the Eyes of an Air Force Acquisition Fraud Counsel Attorney

Amy Anaya-Smith
AFMCLO/JAF Acquisition Fraud Counsel

Developmental details help advance collaborative efforts between GCR and Acquisition Fraud Counsel (AFC). This cross training experience proves invaluable to both. GCR receives technical expertise through the field experience of AFC and their contracting knowledge, while AFC receives the benefit of GCR's perspective and its processes and procedures, which help to create expediency and efficiencies in the coordination of fraud remedies. Overall, the collaborative relationship is strengthened among the stakeholders, and the warfighter receives the highest quality supplies and services for the mission.

Developmental details provide career broadening experiences to the AFC and create an opportunity to receive an overview of the caseload faced by GCR and how to more effectively coordinate the four fraud remedies with the various stakeholders. AFC gains insight into the broad nature and spectrum of procurement fraud cases encountered by the Air Force. This insight allows AFC to more effectively communicate the requirements of GCR to the various stakeholders. An example of the efficiency exists with the administrative remedy of suspension and debarment. Participants gain firsthand knowledge as to what relevant facts and evidence are needed to prepare a successful suspension or debarment package. This all translates to a better understanding of the fraud issues faced by the Air Force, which, in turn, better serves the warfighter.

GCR also benefits from the opportunity to gain knowledge from attorneys who work fraud cases daily. Knowledge from field experience expands well beyond procurement fraud remedies and into the insight of the actual weapons systems, sub-systems and operational contracting programs. AFC's relationships with stakeholders also benefit GCR by expanding its contacts and perspective of the field. This expansion of contacts only serves to enhance the relationship GCR holds with the acquisition community and the flow of information between the two entities. Additionally, the varying objectives of stakeholders are balanced more easily by AFC due to the proximity and established working relationships. AFC foster and strengthen the collaborative team effort, which benefits all members including GCR.



GCR Through the Eyes of Commerce Attorneys (continued)

had occasion to become the office experts on the facts of our assigned cases, to manage the development of those cases, and to give oral presentations and recommendations directly to the Deputy General Counsel. In addition to regular interactions via phone and email with respondents and their counsel, we attended several in-person meetings between the SDO and respondents. These meetings proved exceptional pedagogical opportunities, as we witnessed firsthand both the respondents' attempts to demonstrate their present responsibility and the SDO's analysis of their presentations.



Coming from a larger, more general law practice at the Department of Commerce, we enjoyed not only the exposure to the substantive work, but also the chance to see the management of a smaller law office with a more focused mission. The training we received already has placed us in good stead, as we are presently working several suspension and debarment matters at Commerce. And, perhaps more importantly, we've developed a relationship with GCR that will continue to bear fruit through continued collaboration and consultation. GCR's willingness to provide training, as well as their facility and experience with suspension and debarment, have played a seminal role as the Department of Commerce seeks to protect the government – and the taxpayer – through the use of suspension and debarment. Above is a picture of Robert and Ben.

GCR Through the Eyes of an Air Force Acquisition Fraud Counsel Attorney (continued)

As an AFC, this program has been beneficial. Collaborative efforts between the two offices help to deter fraud and add greater credibility to the procurement process.



The Air Force Materiel Command (AFMC) is responsible for acquiring and sustaining weapon systems for the warfighter. In accordance with AFI 51-1101, The Air Force Procurement Fraud Remedies Program, the Acquisition Integrity Division (AFMCLO/JAF) of the AFMC Law Office at Wright-Patterson AFB OH works with GCR to pursue and coordinate fraud remedies involving AFMC. The POC for AFMCLO/JAF is Ms. Sharon Curp, sharon.curp@wpafb.af.mil, (937) 904-5754. Above is a picture of Amy.



GCR's Ethics Outreach to Industry

By developing relationships with industry, GCR is afforded the unique opportunity to collaborate with industry stakeholders and to promote its ideas, such as the importance of values-based ethics programs. GCR's outreach also motivates positive behavior within contractor organizations by intensifying the company's focus on contractor responsibility issues, such as ethics and compliance. Not only does this relationship encourage contractors to continue to improve, but it enables GCR to learn about some of the more advanced ethics and compliance programs in the world, including best practices and lessons learned. These rewards are invaluable to GCR and further enable GCR to be more insightful in reviewing other contractor ethics and compliance programs.

GCR frequently meets with contractors to discuss their ethics and compliance programs. During a recent meeting with United Launch Alliance (ULA), a joint venture between the Boeing Company and the Lockheed Martin Corporation, Cindy Corrigan of ULA's Office of Internal Governance, shared with GCR the details of ULA's ethics program and some of the initiatives planned for the future as she endeavors to make ULA a leader in the values-based ethics movement. We found Ms. Corrigan's passion for ethics infectious and invited her to share with our readers an overview of ULA's program.

The Importance of an Ethical Values-Based Culture

By Cindy Corrigan, Vice President, Office of Internal Governance, ULA

The argument for a strong Ethics and Compliance program has been well established with trends showing a greater number of companies acknowledging the increasing importance of ethical behavior. Moving a contractor's ethics program to the next level requires fostering a culture of self-governance where employees begin to embody not just the requirements but personal ownership of the culture and an integration of those values into the way they conduct their daily business activities. This evolution from being a company with a basic ethics program to being a company with an Ethical Values-Based Culture ensures that individuals feel intrinsic responsibility and take ownership, placing the spirit and intent of the requirements above any gains to either the company or themselves. We expect our employees to base their actions on always doing the right thing.

Cultivating an Ethical Values-Based Culture begins with a sincere commitment by senior leadership, one evidenced by regularly promoting ethics each day, not limiting discussions to annual training. At ULA our program is founded on the following principles: building trust, setting expectations, aligning performance goals with the company values, and providing support through listening, coaching and mentoring. Ultimately, as part of our Ethical Values-Based Culture, we expect that our employees demonstrate courage and selflessness in decision-making and behavior.

ULA is implementing an Ethical Leadership Maturity Model to provide our leaders with a means to qualify how specific actions relate to our ethical leader

ship attributes. The Maturity Model takes the core elements of an Ethical Values-Based Culture and divides them into a total of 12 actionable behaviors. Each behavior is assigned a series of descriptive, qualitative statements used to measure leadership attributes. Scoring begins at a negative one (indicating behaviors detrimental to the culture) and culminates with a positive five (indicating model behavior). For example, in the attribute of Building Trust, we will measure three specific behaviors: placing company interest's above self-interest, treating others with dignity and respect, and being approachable while maintaining confidences. We are continuing to develop the Maturity Model and plan to assess its effectiveness based on user feedback in an effort to improve usage during the upcoming year. The Maturity Model makes assessing individual ethical behavior and a company's ethical culture, which is historically difficult to quantify, both actionable and measurable.



The Importance of an Ethical Values-Based Culture (Continued)

ULA's effort to establish an Ethical Value-Based culture begins with each new hire receiving ULA Ethics training, which is supplemented each year for all employees with an annual refresher course. The training materials are modified annually to ensure they remain relevant, interesting and engaging. Monthly ethics scenarios provide an additional compliment to our annual training program. Our CEO, Michael Gass, leads a discussion of the scenario with executive staff who, in turn, share such discussions with their team. These scenarios provide opportunities for rich dialogue between employees and leaders which serve to reinforce our ethical core values.

As part of our continuous journey to inculcate this ideology, we are working to further define and improve the specifics of our program. We believe that continued focus on a culture of integrity strengthens the environment so employees feel a sense of personal ownership and can safely come forward to speak about issues or concerns, ensuring mission success. Doing the right thing is not always easy but is essential for our mutual success. It is necessary to continually reinforce this message in various ways to ensure the value to the company and the government customer is not forgotten. *This is not an endorsement of ULA or its programs. GCR feels it is important to encourage the sharing of best industry practices and invites other contractors to submit articles for consideration.*



GCR's Views on Values Based Ethics

Thanks ULA for the interesting article on an exciting and fresh topic!

Ethics programs can take a variety of forms and there is no right approach. ULA's program is one example of how an organization can give structure to an amorphous concept. We encourage other contractors to go beyond mere rules-based compliance and one-page commitments to ethics and begin developing values-based ethics programs.

Implementing a robust values-based ethics program offers many collateral benefits to organizations. Such a program is likely to reduce instances of misconduct thereby improving an organization's reputation and enabling the company to focus on its mission as opposed to compliance matters. Additionally, such a program is likely to make the organization more attractive to individuals holding strong ethical beliefs, which, in turn, pays dividends for the organization. Also, should the organization subsequently encounter an instance of misconduct, having such a program will place the organization on better footing in the event of a present responsibility inquiry under Federal Acquisition Regulation subpart 9.4. For example, at GCR, we look more favorably upon organizations that had robust ethics and compliance programs in place *before* the misconduct occurred. The benefits of having such a program are endless.

Moreover, as industry heads in the direction of values-based ethics, the Government is likely to follow in one or more ways. The time is likely to come where procuring agencies, in making award decisions, will evaluate a contractor's commitment to ethics, including whether it has a values-based ethics program. The fact is that an ethical contractor is overall a better contractor, and it is in the Government's interest to ensure the adoption of such programs.

Additionally, GCR is leading the effort for DoD to adopt its own values-based ethics program. Specifically, DoD already has conducted a survey of its military and civilian personnel to assess DoD's ethical culture and, after identifying areas for improvement, has engaged a contractor to assist in developing a DoD-wide values-based ethics program. To see the survey report, visit our website at: <http://www.safgc.hq.af.mil/shared/media/document/AFD-110809-024.pdf> DoD, with significant GCR involvement, is now in the performance phase of this initiative and is working closely with the awardee to devise a robust program. Leading by example!

We welcome other contractors to develop and/or improve their values-based ethics programs and to become involved with GCR's industry outreach. Company representatives, please feel free to contact us regarding topics you would like to write about and contribute to Fraud Facts.



Recent Debarments

***These Air Force debarment decisions and others are posted on our website.

Coffee: The Air Force debarred Oklahoma-based Anthony Coffee for disclosure of source selection information relating to an on-going procurement.

Crawford: The Air Force debarred Texas-based Glenn Crawford for the mischarging of time to his then-employer, a government contractor.

Danco Aerospace Consulting, Inc.: The Air Force debarred Florida-based aircraft parts broker Danco Aerospace Consulting Inc., and its owner, Douglas E. Phillips, for their involvement in a scheme whereby they submitted false invoices to a prime contractor, received payment, and then provided kickbacks to an employee of the prime for the individual's assistance.

Design Smith, Inc.: The Air Force debarred California-based defense contractor Design Smith, Inc., its affiliate companies, and its principal, Leo W. Smith for misconduct involving the creation of shell companies to facilitate the payment of bribes in order to obtain overseas contracts and conceal income from the Internal Revenue Service.

Gonzales: The Air Force debarred California-based Michael Gonzales for stealing government property.

Gordon: The Air Force debarred Pennsylvania-based Evan Gordon for the mischarging of time to his then-employer, a government contractor.

Haroules: The Air Force debarred Massachusetts-based George G. Haroules for his misconduct, which he attempted to conceal, involving the unauthorized transmission of FOUO sensitive information to a defense contractor while employed as an Acquisition Support Services Contractor for an Air Force Space Command program.

Hill: The Air Force debarred Texas-based Richie E. Hill, former logistics and IT solutions contractor, for misconduct that includes, but is not limited to, a personal conflict of interest and the disclosure of pricing data and source selection data to a contractor thereby providing the contractor with an unfair competitive advantage in competing for Government contracts.

Hollis: The Air Force debarred Arizona-based Joseph H. Hollis for failing to safeguard classified information on multiple occasions and transmitting classified information over an unclassified system.

Kennedy, Marthouse, Saltamachio: The Air Force debarred California-based John P. Kennedy, Colorado-based Robert Marthouse, and Texas-based Gregory Saltamachio, former defense industry contractors with a large contractor, for submitting and receiving reimbursements for falsified business expenses.

Morgan: The Air Force debarred Danny A. Morgan for theft of government property from the Air Force Research Laboratory (AFRL).

MRT Heavy Hauling: The Air Force debarred New Mexico-based contractor MRT Heavy Hauling (MRT) for failing to comply with contractual requirements by hiring undocumented immigrants, failing to perform proper pre-employment screening, and violating overtime pay requirements.

N.S. Gowadia, Inc.: The Air Force debarred Hawaii-based N.S. Gowadia, Inc. a/k/a Noshir S. Gowadia, Inc. (NSGI), its affiliate companies, and its principals, Noshir and Cheryl Gowadia, for misconduct that includes, but is not limited to, illegally exporting defense services and technical data to the People's Republic of China.

RER Power Services, Inc.: The Air Force debarred New York-based RER Power Services, Inc., and its owner, Raymond E. Randall, for failure to fulfill contractual obligations, including the abandonment of its production facilities, which left government assets unprotected.

RNBS, Inc.: The Air Force debarred California-based RNBS, Inc., and its owner, Alan Shad for violating the Trade Agreements Act by supplying the government with rugged laptop computers that were manufactured in Taiwan and China, but were represented as American made.

Self: The Air Force debarred Virginia-based Martin E. Self, President of a defense contractor, for his involvement in a fabricated marketing agreement that was designed to disguise bribery payments.



Recent Administrative Agreements

*These administrative agreements and others are posted on our website.

ComCon Technologies, Inc.: The Air Force entered into an AA with ComCon Technologies, Inc. (ComCon) after it was proposed for debarment based on allegations that it improperly communicated with and obtained non-public information from an Air Force employee regarding a solicitation, misrepresented the position of an individual associated with the company, and employed a debarred person as its Government representative. ComCon did not dispute the allegations and accepted full responsibility. The Air Force entered into a three-year AA with ComCon wherein it agreed to implement a host of remedial measures including: a change in who has majority control of the company; the appointment of an Ethics Officer; developing and installing a robust ethics and compliance program; hiring an ethics and compliance expert to assist in developing the program; and frequent reporting to the Air Force on a range of issues; among other measures.

MTS Systems Corp.: The Air Force entered into an AA with MTS Systems Corp. (MTS) after it was suspended for submitting false ORCA certifications to the Government wherein it failed to disclose past convictions. MTS explained that the inaccurate ORCA submissions were not intentional but due to a host of internal issues including: inadequate communication of its past convictions; ineffective in-house legal counsel; and an inadequate internal legal structure. MTS agreed to a three-year AA wherein: it made significant improvements to its ethics and compliance program; restructured its legal department, including the creation of new positions within the company including a General Counsel/Chief Compliance Officer and Director of Compliance; retained an independent compliance monitor to assess the company's compliance and ethics program and to report to the Air Force on the company's compliance with the terms of the AA; and to make frequent reports to the Air Force on a range of issues; among other measures.

Recent Scholarship by GCR Team Members

Steven A. Shaw and Todd J. Canni, *"Comments on the Wartime Contracting Commission's Recommendations on Suspension and Debarment,"* Service Contractor, Professional Services Council, September 2011.

David Robbins, Steven A. Shaw, Rodney Grandon, Brian Sear and Alice Eldridge, *"Path of an Investigation: How a Major Contractor's Ethics Office and Air Force Procurement Fraud and Suspension and Debarment Apparatus Deal With Allegations of Potential Fraud and Unethical Conduct,"* 40 Pub. Cont. L.J. 595 (2011).

Todd J. Canni, *"Debarment Is No Longer Private World Bank Business: An Examination of the Bank's Distinct Debarment Procedures Used for Corporate Procurements and Financed Projects,"* 40 Pub. Cont. L.J. 147 (2010).



Recent GCR Travel & Training: We May Be Coming to a City Near You!

Between July and September 2011, GCR traveled across the world to participate in a host of procurement fraud working group (PFWG) meetings, to provide suspension and debarment and procurement fraud remedies training, and to get out the proactive fraud fighting message. Below is an overview:



- **July 14-15, Wright-Patterson AFB:** GCR participated in the PFWG meeting and provided training;
- **July 25-28, Ramstein AFB:** GCR trained each member of USAFE, 700 CONS on the proactive procurement fraud remedies program, focusing on how to increase recoveries and decrease drag on programs;
- **August 5-8, Toronto, Canada:** GCR participated in the American Bar Association, Section of Public Contract Law's Annual Conference, wherein GCR was part of an industry-Government panel and addressed suspension and debarment issues, among other matters;
- **August 16, Robins AFB:** GCR participated in the PFWG meeting;
- **August 17 Dobbins AFB:** GCR participated in the PFWG meeting and provided training;
- **August 23, Tinker AFB:** GCR participated in the PFWG meeting and provided training;
- **September 13-15, Los Angeles AFB:** GCR coordinated a series of meetings among stakeholders within the investigative, acquisition, and procurement fraud fighting communities;
- **September 14, DC:** GCR participated in the Practicing Law Institute's Government Contracts Symposium, wherein GCR participated in a Government-industry panel to discuss developments in the procurement fraud area;
- **September 21, Hill AFB:** GCR participated in the PFWG meeting;
- **September 22, Crystal City, VA:** GCR provided training to AFLOA's AFC;
- **October 6, Capitol Hill:** GCR testified before the House Committee on Oversight and Government Reform, Subcommittee on Technology, Information Policy, Intergovernmental Relations and Procurement Reform regarding the components of a successful suspension and debarment program;
- **November 1-2, Los Angeles AFB:** GCR provided training to stakeholders, including acquisition officials, AFOSI, and AFC.
- **November 3-4, Sarasota, FL:** GCR participated in the L-3 Ethics Officer Conference.



Meet the GCR Team (Contractor Responsibility)



Meet the GCR Team

*Biographies for the GCR Team can be found on our website

- Steven A. Shaw, Deputy General Counsel (Contractor Responsibility) and Air Force Suspending and Debarring Official;
- David B. Robbins, Assistant Deputy General Counsel / Director of Procurement Fraud Remedies
- Todd J. Canni, Associate General Counsel
- Horace Blankenship, Administrative Paralegal

New Faces

- Joseph Johnson, recently joined our office as an intern as part of the Student Career Educational Program (SCEP). Joe comes to us after having served as an intern for the Defense Criminal Investigative Service (DCIS) and is currently pursuing a masters in Criminal Justice at the University of Maryland University College;
- Alix Schroeder, who also recently joined our office as a SCEP, is a part-time law student at George Washington University Law School and is in her second-year.

Visit GCR On-Line at:

<http://www.safgc.hq.af.mil/organizations/gcr/index.asp>

or google us:
“SAF GCR”

Visit GCR on Facebook!

<http://www.facebook.com/#!/pages/Air-Force-Debarment-Headquarters/129154760445866>

or search for us:
“Air Force Debarment”

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SECRETARY OF THE AIR FORCE

DEPUTY GENERAL COUNSEL FOR CONTRACTOR RESPONSIBILITY

1235 S CLARK STREET SUITE 301 ARLINGTON, VA 22202

COMMERCIAL: 703.604.1471 · FAX: 703.604.1657 · DSN: 664-1471 · DSN FAX: 664-1657

