

companies had common owners and officers, were, during all times relevant to allegations in this Complaint, located in the same building that was owned by Strock or Strock Contracting, and were in the same line of business, namely construction related projects.

3. As described more fully below, from 2008 to 2013 the defendants submitted, caused to be submitted, or conspired to submit or cause to be submitted, false claims or false statements material to claims in order to obtain or promote the award of federal SDVO small business set-aside contracts from the United States to VECO. In connection with the award of these contracts, the defendants certified or caused certifications or statements to be made that VECO met all requirements to be an SDVO small business with knowledge or reckless disregard for the truth of the matter that VECO did not, in fact, meet such requirements and was not entitled to the award of such contracts. By diverting contracts and benefits therefrom intended for service-disabled veterans towards an ineligible company, defendants undercut the purpose of statutorily created programs to encourage contract awards to legitimate SDVO small businesses. The United States did not receive the intended benefits of a SDVO small business receiving and performing federal contracts. These wrongful actions further induced or resulted in the government's inappropriate award of these contracts and payments of millions of dollars on these federal contracts. Defendants, therefore, are liable to the United States under the FCA for treble damages and civil penalties as permitted by law.

4. Additionally, through these actions, the defendant intended to defraud the government through the submission of these material misrepresentations, the government reasonably relied upon these representations, and the government suffered damage as a result of such reliance in making payments to ineligible contractors and through the diversion of contractual opportunities and the acquisition of profits that were intended for legitimate SDVO

small businesses. As a result, defendants are responsible for common law fraud and are liable to the government for damages.

5. Further, as a result of defendants' misrepresentations and fraudulent conduct, defendants were unjustly enriched at the government's expense, and equity and good conscience militate against permitting defendants to retain this enrichment. Defendants, therefore, are liable to the government for all moneys unjustly earned.

JURISDICTION AND VENUE

6. This Court has jurisdiction over the claims brought under the False Claims Act pursuant to 28 U.S.C. §§ 1331, 1345, over the remaining claims pursuant to 28 U.S.C. § 1345, and over all claims pursuant to the Court's general equitable jurisdiction.

7. This Court has personal jurisdiction over all defendants pursuant to 31 U.S.C. Section 3732(a) because at least one of the defendants can be found in, resides in, or transacts business in this District or because the acts proscribed by 31 U.S.C. § 3729 occurred in part in this District.

8. Venue is proper in this District under 31 U.S.C. § 3732(a) and 28 U.S.C. §§ 1391(b), 1391(c) because one or more defendants reside in or have transacted business this District or because a substantial part of the events or omissions giving rise to the claims occurred in this District.

PARTIES

9. Plaintiff is the United States, acting on behalf of the Department of Defense, Department of the Air Force, Department of the Army, the VA, and the Small Business Administration (SBA).

10. Defendant Strock Contracting, Inc. is a New York State corporation with its

principal place of business in Erie County, NY.

11. Defendant Lee Strock is a resident of Erie County, New York and is the Vice President and 30 percent owner of VECO. Strock controlled the daily operations and management of VECO, and is the 90 percent owner and President of Strock Contracting.

12. Defendant Kenneth Carter is a resident of Erie County, New York, and is the 19 percent owner of VECO. Upon information and belief, Carter assisted Strock in the control of the daily operations and management of VECO, and is the 10 percent owner and Vice President of Strock Contracting.

13. Defendant Cynthia Ann Golde is a resident of Erie County, New York. Upon information and belief, Golde is a former employee of VECO and Strock Contracting, and assisted Strock and Carter with the operations of VECO and Strock Contracting.

14. In doing the acts described in the paragraphs below, defendants Strock, Carter, and Golde, at all relevant times, acted as agents of Strock Contracting and VECO.

15. Prior to the filing of this lawsuit, the United States notified Strock, Carter and Strock Contracting of potential civil claims under the FCA and other federal statutes and regulations, equity or the common law relating to alleged false statements made regarding federal contracts awarded to VECO from 2006 to the present. Defendants Strock, Carter and Strock Contracting entered several tolling agreements, agreeing that the period between and including February 7, 2014 and October 7, 2015 shall be excluded when determining whether any civil or administrative claims are time-barred by statute of limitations, laches or any other time-barred defenses.

FACTUAL BACKGROUND

A. Statutory and Regulatory Requirements for SDVO Contracting

VA Requirements

16. Section 502 of the Veterans Benefits, Health Care, and Information Technology Act of 2006 (“Veterans Benefits Act”), P.L. 109-461, as codified at 38 U.S.C. § 8127(a)(1)(B), authorizes the VA Secretary to establish a goal that not less than three percent of VA contracts and subcontracts be awarded to SDVO small businesses. The purpose of this goal is to “increase contracting opportunities for small business concerns owned and controlled by ... veterans with service connected disabilities.” *Id.* § 8127(a)(1).

17. The Veterans Benefits Act permits contracts to be set aside for SDVO small businesses either on a sole-source basis (which are not awarded through a competition), if certain conditions are met, or through limited competitions in which only veteran-owned firms can submit bids. *Id.* §§ 8127(c) and (d). The statute establishes a priority for the award of contracts to small businesses with the highest priority being SDVO firms. *Id.* § 8127(i)(1).

18. Under the Veterans Benefits Act, firms are only eligible for the SDVO contracting program if the VA determines that they are “owned and controlled by ... a veteran with a service-connected disability.” *Id.* §§ 8127(f)(4); accord 38 C.F.R. § 74.2.

19. Regulations the VA issued to implement these statutory provisions state that to qualify for a contract that is set aside for SDVO small businesses, a firm must be at least 51 percent unconditionally and directly owned by one or more service disabled veterans. 38 C.F.R. § 74.3. Additionally, VA regulations provide that the service disabled veteran must control “both the strategic policy setting exercised by boards of directors and the day-to-day management and administration of business operations.” *Id.* § 74.4(b).

20. Under the VA regulations, although non-veterans may be involved in the management of a firm, VA regulations provide that the non-veteran may not: (1) exercise actual control or have the power to control the applicant or participant; or (2) receive compensation from the applicant or participant in any form as directors, officers or employees, including dividends, that exceeds the compensation to be received by the highest officer who must be a service-disabled veteran. *Id.* § 74.4(g).

SBA Requirements

21. The Small Business Act (15 U.S.C. §§ 631 et. seq.) also provides that not less than three percent of all prime and subcontracts awarded by all federal agencies and departments should be awarded to SDVO small businesses. 15 U.S.C. § 644(g)(2). 2003 amendments to the Small Business Act also established a program separate from the Veterans Benefits Act to promote the award of contracts by all federal agencies to SDVO small business. Pub. L. 108-183, Title III, § 308, codified at 15 U.S.C. § 657f. Under the Small Business Act, federal agencies may award contract to SDVO firms: (1) on a sole-source basis for contracts of \$5 million or less for manufacturing contracts, and \$3 million or less for other contracts, and (2) through competitions limited to SDVO small businesses. *Id.*

22. The Small Business Act further defines an SDVO small business similar to the VA regulations in that a firm must be 51 percent owned by a veteran with a service-connected disability, and “the management and daily business operations of [the firm] are controlled by one or more service-disabled veterans.” 15 U.S.C. § 632(q)(1).

23. The SBA regulations implementing the non-VA SDVO small business contracting program require that “[c]ontrol by one or more service-disabled veterans means that both the long-term decision making and the day-to-day management and administration of the

business operations must be conducted by one or more service-disabled veterans.” 13 C.F.R. § 125.10.

24. SBA regulations provide that firms must represent with their initial offer on a specific contract that they meet the criteria to be an SDVO small business concern. 13 C.F.R. § 125.15(a).

25. The Small Business Act establishes that firms which misrepresent their status as an SDVO small business “shall be subject to” civil prosecution under the FCA. 15 U.S.C. §§ 637(m)(5) and (6); 657f(d).

Federal Acquisition Regulation

26. Under the Federal Acquisition Regulation (FAR), at the time that a firm submits an offer on a contract that is set-aside for SDVO small businesses the company “must represent to the contracting officer that it is a ... Service-disabled veteran-owned small business concern.” 48 C.F.R. § 19.1403(b).

27. Similar to the VA and SBA regulations, FAR section 52.212-3, Offeror Representations and Certifications, defines a “Service-disabled veteran-owned small business concern” as a small business concern that is 51 percent owned by one or more service-disabled veterans, “[t]he management and daily business operations of which are controlled by one or more service-disabled veterans.” 48 C.F.R. § 52.212-3.

28. FAR section 52.219-1(c)(7) provides for the following contractor representation for SDVO small businesses: “The offeror represents as part of its offer that it ___ is, ___ is not a service-disabled veteran-owned small business concern.”

29. Beginning in or about 2005, FAR Subparts 4.11 and 4.12 required all contractors to complete representations and certifications in the Online Representation and Certification

Application, including this SDVO small business certification. Part 4 also required contracting officers to review a contractor's online representations and certifications before awarding a contract.

B. The Fraudulent Scheme

30. The defendants violated the FCA by fraudulently submitting, causing to be submitted, or conspiring to submit or cause to be submitted, false claims and false statements material to false claims in connection with the award of SDVO contracts to VECO by the VA, the Department of the Army or the Department of the Air Force either as a sole-source award intended for eligible SDVO small businesses or through competitions that were intended to be limited to eligible SDVO small businesses. Defendants did so with knowledge that VECO did not meet all of the requirements to be an SDVO small business. These actions also constituted common law fraud and resulted in defendants' unjust enrichment.

Establishment of VECO

31. Defendants recruited Terry Anderson (Anderson), who was a veteran with a service-connected disability, and nominally appointed him as the President and 51 percent owner of VECO. Defendants established Anderson as a figurehead so that VECO could obtain and earn profit on government contracts from the VA and other federal agencies that were set aside for SDVO small businesses that Strock Contracting would not otherwise be eligible for.

32. In or around 2006, Strock met with Anderson on one or more occasions to discuss the formation of an SDVO small business.

33. At the time of this meeting or these meetings, Anderson worked full-time as a New York State Parole Officer. Anderson continued to hold this position, working in a full-time capacity, through 2013.

34. At the time of this meeting, or meetings, Strock knew that Anderson was a veteran with a disability connected to his military service.

35. Strock is not a veteran with a service connected disability.

36. Carter is not a veteran with a service-connected disability.

37. As a result of the discussions between Strock and Anderson, VECO was formed with Anderson as President and 51 percent owner, Strock as Vice President and 30 percent owner, and Carter as Secretary or another officer and 19 percent owner.

38. Strock or Strock Contracting provided financial support that helped VECO be established as a company.

39. Carter also provided financial support that helped VECO be established as a company.

40. Prior to 2008, VECO submitted an application to the VA to have VECO recognized as an SDVO small business.

41. Upon information and belief, Golde was involved in the submission of this information to the VA to have VECO recognized as an SDVO small business.

42. Upon information and belief, Strock directed or caused Golde or other employees of Strock Contracting to submit this application to the VA to have VECO recognized as an SDVO small business.

43. Prior to 2008, information was entered in various online databases, including the Central Contractor Registration system and the Online Certifications and Representations Application (ORCA), representing that VECO was an SDVO small business.

44. The information in ORCA was periodically updated to state that VECO was an SDVO small business.

45. Upon information and belief, Golde was involved in the process of entering this information in the ORCA and CCR stating that VECO was an SDVO small business.

46. Upon information and belief, Strock directed or caused Golde or other employees of Strock Contracting to enter information in the ORCA and CCR stating that VECO was an SDVO small business.

47. In order for VECO to be recognized by the VA or the SB A as eligible for SDVO small business set-aside contracts, VECO had to be 51 percent owned by a veteran with a service-connected disability, and had to be under the day-to-day and long-term control of a veteran with a service-connected disability.

48. Subsequent to this application, the VA notified VECO that it had been recognized as an SDVO small business.

49. Although defendants knew or should have known that VECO did not meet the criteria to be an SDVO small business, they submitted or caused to be submitted VECO's application to the VA, and submission of information in the CCR and ORCA, representing that VECO met these criteria.

50. Strock Contracting does not meet all of the requirements in VA or SBA regulations to qualify as an SDVO small business.

51. Strock's intent in holding these discussions with Anderson and in directing Golde or other employees of Strock Contracting to submit an application to the VA to have VECO recognized as an SDVO small business was to allow Strock Contracting or other companies that Strock owned or partially owned to participate in contracts that were awarded by the Federal Government to SDVO businesses.

52. In holding these discussions with Anderson, and in directing Golde or other

employees of Strock Contracting to submit an application to the VA to have VECO recognized as an SDVO small business, Strock also intended that Strock, Strock Contracting or other companies that Strock owned or partially owned would earn profits on contracts that were intended to award by the Federal Government to SDVO small businesses.

Anderson Had a Limited Role in Running VECO

53. All of the following allegations relate to the time period from 2008 through 2013.

54. Between 2008 and 2013, VECO bid on, and successfully obtained the award of, contracts from the VA, the Department of the Army and the Department of the Air Force that were set aside on a sole source basis for an SDVO small business or through competitions limited to SDVO small businesses. These contracts are identified below and in Attachment A.

55. Although Terry Anderson was the 51 percent owner and President of VECO, defendants only permitted him to have a limited role in managing VECO or supervising the submission of bids on these contracts or supervising the work done under these contracts.

56. During this time, VECO listed its address as 2095 Old Union Road, Cheektowaga, NY.

57. The building located at 2095 Old Union Road is the same building where Strock Contracting is located.

58. Strock or Strock Contracting owns the building at 2095 Old Union Road.

59. Golde worked out of the building at 2095 Old Union Road as the office manager for VECO.

60. Upon information and belief, defendant Golde also ran the office operations for Strock Contracting.

61. Between 2008 and 2013, Anderson signed paperwork related to these contracts

which included payroll documents, tax returns, subcontractor agreements, blank checks, and insurance renewals. In order for Anderson to sign this paperwork, he would go to the building located at 2095 Old Union Road, and Golde would make the paperwork available to him to sign.

62. Golde handled all of the VECO financial paperwork, including salary and payroll paperwork.

63. VECO's payroll and other business records were kept at 2095 Old Union Road, Cheektowaga, NY.

64. Anderson was not given access to payroll records for other VECO employees.

65. Anderson was not given statements from VECO bank accounts.

66. Other than signing bid proposals and other contract documents Golde presented to him, Anderson was not involved in VECO's submission of bids on, or responding to, any government Request for Proposals.

67. Golde presented or caused to be presented bids on behalf of VECO to the VA, the Department of the Army and the Department of the Air Force on contracts set aside for SDVO small businesses. These contracts are identified below and in Exhibit A.

68. Golde presented or caused to be presented invoices or request for payment under behalf of VECO to the VA, the Department of the Army and the Department of the Air Force on contracts set aside for SDVO small businesses.

69. Golde's actions in presenting or causing to be presented invoices, requests for payment, and bids on behalf of VECO to the VA, the Department of the Army and the Department of the Air Force on contracts set aside for SDVO small businesses were performed at Strock's direction.

70. Anderson attended pre-award and post-award meetings held by VECO's various

government customers, which included the VA, the U.S. Army Corps of Engineers in Buffalo and the U.S. Army Arsenal in Watervliet, New York.

71. Occasionally, Anderson would travel to VECO's work sites to perform inspections.

72. Other than signing paperwork, attending pre-award and post-award meetings held by VECO's various government customers, and occasionally performing inspections of VECO work sites, Anderson performed little or no supervision of, or work on, government contracts that VECO performed.

73. Other than signing paperwork, attending pre-award and post-award meetings held by VECO's various government customers, and occasionally performing inspections of VECO work sites, Anderson performed little or no management of VECO's day-to-day operations.

74. Anderson did not act as project manager for any of the contracts that VECO performed.

75. Anderson did not prepare labor and material cost estimates for contracts that VECO submitted bids on to the government.

76. Carter prepared labor and material cost estimates for some contracts that VECO submitted bids on to the government.

77. Anderson did not supervise the contract work that VECO performed.

78. Strock or Carter supervised the contract work that VECO performed.

79. Anderson did not regularly conduct interviews regarding individuals that were hired to work for VECO.

80. Other than hiring performed by VECO project managers, Strock or Carter regularly interviewed individuals that were hired to work for VECO.

81. Anderson did not make the decisions on whether to hire or terminate VECO employees.

82. Strock made the decisions to hire or terminate most VECO employees.

83. To the extent that work on contracts awarded to VECO was done by sub-contractors, Anderson had no role in identifying or approving sub-contractors or seeking bids to obtain subcontractors.

84. Upon information and belief, the majority of subcontracts issued by VECO on contracts it performed were awarded to Strock Contracting or other companies owned by or partially owned by Strock.

85. Anderson was never given a key to the building at 2095 Old Union Road.

86. In order for Terry Anderson to gain access to the building at 2095 Old Union Road, Golde or other employees of Strock Contracting or other businesses owned or partially owned by Strock would have to admit him into the building.

87. Strock controlled the day-to-day and long-term business operations of VECO.

88. Carter knew that Strock controlled the day-to-day and long-term business operations business operations of VECO.

89. Golde knew that Strock controlled the day-to-day and long-term business operations business operations of VECO.

Anderson Received Limited Financial Benefits from VECO

90. Anderson received very little of the profits earned on the SDVO small business contracts that VECO performed from 2008 through 2013, whereas, upon information and belief, Strock, Carter and Strock Construction earned significant benefits from the VECO contracts.

91. In exchange for the financial support from Strock or Strock Contracting, Strock

and Anderson agreed that Anderson would be paid 5 percent of the net profits generated by VECO.

92. In fact, Anderson was actually paid less than 5 percent of the profits that VECO earned.

93. From 2008 through 2013, Anderson was not the highest paid VECO employee.

94. In or around 2009, Anderson told Strock that he should be earning more money for his role at VECO. Upon information and belief, Strock refused to pay provide more money.

95. Strock obtained financial benefits from government contracts performed by VECO.

96. Strock Contracting also obtained financial benefits from government contracts performed by VECO.

97. Carter obtained financial benefits from government contracts performed by VECO.

98. VECO obtained a business credit card from Capital One in the name of Lee A. Strock, Veteran Enterprises Co. Inc. The credit card account was opened in March 2008.

99. Strock was the applicant for this credit card from Capital One. Strock was considered the primary user who controlled the account limitations and was the only individual who could add authorized users to the credit card. Furthermore, Strock determined the spending limits and cash advances allowed for each authorized user.

100. Under this credit card, Strock and Carter each had such authority to use the card and could spend up to \$20,000 on the card. Furthermore, Strock could withdraw up to \$10,000 cash on the card. The remaining five individuals who had authority to use the card had spending limits ranging from \$500 to \$2,000. Anderson had the lowest spending limit at \$500 and did not

have the authority to withdraw cash on the card.

VA Questions VECO's Status as an SDVO Small Business

101. In 2011, the VA notified VECO of concerns as to whether VECO met all of the VA requirements to be an SDVO small business. Through submissions from VECO's representative, VECO provided information to the VA to address these concerns.

102. The factual information contained in these submissions was either false, misleading or did not fully convey all material facts to the VA regarding Anderson's role in overseeing VECO.

103. The factual information contained in these submissions was either false, misleading or did not fully convey all material facts to the VA regarding Strock's role in overseeing VECO.

104. The factual information contained in these submissions was either false, misleading or did not fully convey all material facts to the VA regarding Strock Contracting's affiliation with VECO.

105. The factual information contained in these submissions was either false, misleading or did not fully convey all material facts to the VA regarding Anderson's work experience before joining VECO.

106. Although Anderson was involved to a limited extent in determining the content of these submissions, upon information and belief, Strock was ultimately responsible for determining the facts that were conveyed in these submissions.

107. As a result of these submissions, the VA determined that VECO was eligible as an SDVO small business.

SDVO Contracts Obtained by VECO

108. From 2008 through 2013, VECO obtained approximately \$24 million in SDVO-set-aside government contracts from the VA, Army and Air Force. These contracts are listed in Exhibit A, and are incorporated herein by reference. Some of these contracts are discussed in the allegations below. The discussion below, although representative, is by no means an exhaustive list of the SDVO set-aside contracts that VECO obtained during this period.

109. All of the contracts identified in Exhibit A and below were set aside for SDVO small businesses either on a sole-source basis or through limited competitions in which only SDVO small businesses could submit bids. Only companies that met all of the VA or SBA requirements to be an SDVO small business were eligible to obtain these contracts.

110. In submitting bids to obtain these contracts, defendants submitted or caused to be submitted false representations that VECO met all of the VA or SBA requirements to be an SDVO small business and was eligible to obtain these contracts. Further, through false representations as to VECO's eligibility for SDVO small business awards, defendants induced the government to award the contracts.

111. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit bids for these contracts, and to submit claims, invoices or requests for payment under those contracts.

112. Had the government known that VECO did not, in fact, meet all of the applicable requirements to be an SDVO small business, it would not have awarded these contracts to VECO.

113. On many of the contracts listed in Exhibit A and discussed below, VECO submitted multiple invoices or requests for payment. As all invoices or claims for payment

submitted under fraudulently obtained contracts are false or fraudulent claims within the meaning of 31 U.S.C. Section 3729, each of these invoices or requests for payments are separate false or fraudulent claims under the FCA.

Army Contract W911-PT-08-C-0014

114. In or about April 2008, VECO was the successful bidder and was awarded contract W911-PT-08-C-0014 for services to be performed at the Watervliet Arsenal Contracting Office (Watervliet). This contract was a set-aside contract for a SDVO small business.

115. Only companies that met all of the SBA and FAR requirements to be an SDVO small business were eligible to obtain this contract.

116. In submitting a bid to obtain this contract, defendants submitted or caused to be submitted false representations that VECO met all of the SBA and FAR requirements to be an SDVO small business and was eligible to obtain this contract. Further, through false representations as to VECO's eligibility for SDVO small business awards, defendants induced the government to award the contract.

117. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit a bid for this contract.

118. Had the Army known that VECO did not, in fact, meet all of the SBA and FAR requirements to be an SDVO small business, it would not have awarded contract W911-PT-08-C-0014 to VECO.

119. Multiple invoices or claims for payment for the work performed on this contract were submitted to the Army on behalf of VECO. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit claims, invoices or requests for payment in connection with this contract.

120. VECO was paid at least \$390,084.00 under this contract.

Army Contract W911PT-09-C-003

121. In or about November 2008, VECO was the successful bidder and was awarded contract W911-PT-09-C-003 for Sprinkler and ceiling repair services to be performed at the Watervliet Arsenal. This contract was a set aside contract for a SDVO small business.

122. Only companies that met all of the SBA and FAR requirements to be an SDVO small business were eligible to obtain this contract.

123. In submitting a bid to obtain this contract, defendants submitted or caused to be submitted false representations that VECO met all of the SBA and FAR requirements to be an SDVO small business and was eligible to obtain this contract. Further, through false representations as to VECO's eligibility for SDVO small business awards, defendants induced the government to award the contract.

124. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit a bid for this contract.

125. Had the Army known that VECO did not, in fact, meet all of the SBA and FAR requirements to be an SDVO small business, it would not have awarded contract W911-PT-09-C-003 to VECO.

126. Multiple invoices or claims for payment for the work performed on this contract were submitted to the Army on behalf of VECO. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit claims, invoices or requests for payment in connection with this contract.

127. VECO was paid at least \$136,000.00 under this contract.

Air Force Contract FA6670-08-C-0004

128. In or about September 2008, VECO was the successful bidder and was awarded a contract FA6670-08-C-004 for the repair of roads to be performed at the Niagara Falls Air Force Base in Niagara County, NY. This contract was a set aside contract for an SDVO small business.

129. Only companies that met all of the SBA and FAR requirements to be an SDVO small business were eligible to obtain this contract.

130. In submitting a bid to obtain this contract, defendants submitted or caused to be submitted false representations that VECO met all of the SBA and FAR requirements to be an SDVO small business and was eligible to obtain this contract. Further, through false representations as to VECO's eligibility for SDVO small business awards, defendants induced the government to award the contract.

131. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit a bid for this contract.

132. Had the Air Force known that VECO did not, in fact, meet all of the SBA and FAR requirements to be an SDVO small business, it would not have awarded contract FA6670-08-C-004 to VECO.

133. Multiple invoices or claims for payment for the work performed on this contract were submitted to the Air Force on behalf of VECO. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit claims, invoices or requests for payment in connection with this contract.

134. VECO was paid at least \$741,631.00 under this contract.

VA Contract VA701-C-0072

135. In or about September 2010, VECO was the successful bidder and was awarded contract VA528-C-0072 for services to be performed for the VA. This contract was a set-aside contract for a SDVO small business.

136. Only companies that met all of the VA requirements to be an SDVO small business were eligible to obtain this contract.

137. In submitting a bid to obtain this contract, defendants submitted or caused to be submitted false representations that VECO met all of the VA requirements to be an SDVO small business and was eligible to obtain this contract. Further, through false representations as to VECO's eligibility for SDVO small business awards, defendants induced the government to award the contract.

138. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit a bid for this contract.

139. Had the VA known that VECO did not, in fact, meet all of the VA requirements to be an SDVO small business, the VA would not have awarded contract VA528-C-0072 to VECO.

140. Multiple invoices or claims for payment for the work performed on this contract were submitted to the VA on behalf of VECO. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit claims, invoices or requests for payment in connection with this contract.

141. VECO was paid at least \$5,825,464.00 under this contract.

VA Contract VA528-C-0753

142. In or about June 2010, VECO was the successful bidder and was awarded a

contract VA528-C-0753 for services to be performed for the VA. This contract was a set-aside contract for a SDVO small business.

143. Only companies that met all of the VA requirements to be an SDVO small business were eligible to obtain this contract.

144. In submitting a bid to obtain this contract, defendants submitted or caused to be submitted false representations that VECO met the VA requirements to be an SDVO small business and was eligible to obtain this contract. Further, through false representations as to VECO's eligibility for SDVO small business awards, defendants induced the government to award the contract.

145. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit a bid for this contract.

146. Had the VA known that VECO did not, in fact, meet all of the VA requirements to be an SDVO small business, it would not have awarded contract VA528-C-0753 to VECO.

147. Multiple invoices or claims for payment for the work performed on this contract were submitted to the VA on behalf of VECO. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit claims, invoices or requests for payment in connection with this contract.

148. VECO was paid at least \$1,505,322.00 under this contract.

VA Contract VA528-RA-0746

149. In or about May or June 2010, VECO was the successful bidder and was awarded contract VA528-RA-0746 for services to be performed for the VA. This contract was a set-aside contract for a SDVO small business.

150. Only companies that met all of the VA requirements to be an SDVO small

business were eligible to obtain this contract.

151. In submitting a bid to obtain this contract, defendants submitted or caused to be submitted false representations that VECO met all of the VA requirements to be an SDVO small business and was eligible to obtain this contract. Further, through false representations as to VECO's eligibility for SDVO small business awards, defendants induced the government to award the contract.

152. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit a bid for this contract.

153. Had the VA known that VECO did not, in fact, meet all of the VA requirements to be an SDVO small business, it would not have awarded contract VA528-RA-0746 to VECO.

154. Multiple invoices or claims for payment for the work performed on this contract were submitted to the VA on behalf of VECO. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit claims, invoices or requests for payment in connection with this contract.

155. VECO was paid at least \$1,277,280.00 under this contract.

VA Contract VA528-C0761

156. In or about June 2010, VECO was the successful bidder and was awarded contract VA528-C0761 for services to be performed for the VA. This contract was a set-aside contract for a SDVO small business.

157. Only companies that met all of the VA requirements to be an SDVO small business were eligible to obtain this contract.

158. In submitting a bid to obtain this contract, defendants submitted or caused to be submitted false representations that VECO met all of the VA requirements to be an SDVO small

business and was eligible to obtain this contract. Further, through false representations as to VECO's eligibility for SDVO small business awards, defendants induced the government to award the contract.

159. Multiple invoices or claims for payment for the work performed on this contract were submitted to the VA on behalf of VECO. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit claims, invoices or requests for payment in connection with this contract.

160. Had the VA known that VECO did not, in fact, meet all of the VA requirements to be an SDVO small business, it would not have awarded contract VA528-C0761 to VECO.

161. Multiple invoices or claims for payment for the work performed on this contract were submitted to the VA on behalf of VECO. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit those claims.

162. VECO was paid at least \$988,654.00 under this contract.

VA Contract VA528-C-0715

163. In or about May 2010, VECO was the successful bidder and was awarded contract VA528-C-0715 for services to be performed for the VA. This contract was a set-aside contract for a SDVO small business.

164. Only companies that met all of the VA requirements to be an SDVO small business were eligible to obtain this contract.

165. In submitting a bid to obtain this contract, defendants submitted or caused to be submitted false representations that VECO met all of the VA requirements to be an SDVO small business and was eligible to obtain this contract. Further, through false representations as to VECO's eligibility for SDVO small business awards, defendants induced the government to

award the contract.

166. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit a bid for this contract.

167. Had the VA known that VECO did not, in fact, meet all of the VA requirements to be an SDVO small business, the VA would not have awarded contract VA528-C-0715 to VECO.

168. Multiple invoices or claims for payment for the work performed on this contract were submitted to the VA on behalf of VECO. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit claims, invoices or requests for payment in connection with this contract.

169. VECO was paid at least \$199,434.00 under this contract.

VA Contract VA528-C-0752

170. In or about May or June, 2010, VECO was the successful bidder and was awarded contract VA528-C-0752 for services to be performed for the VA. This contract was a set-aside contract for a SDVO small business.

171. Only companies that met all of the VA requirements to be an SDVO small business were eligible to obtain this contract.

172. In submitting a bid to obtain this contract, defendants submitted or caused to be submitted false representations that VECO met all of the VA requirements to be an SDVO small business and was eligible to obtain this contract. Further, through false representations as to VECO's eligibility for SDVO small business awards, defendants induced the government to award the contract.

173. Upon information and belief, defendants Strock and Carter caused defendant

Golde to submit a bid for this contract.

174. Had the VA known that VECO did not, in fact, meet all of the VA requirements to be an SDVO small business, it would not have awarded contract VA528-C-0752 to VECO.

175. Multiple invoices or claims for payment for the work performed on this contract were submitted to the VA on behalf of VECO. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit claims, invoices or requests for payment in connection with this contract.

176. VECO was paid at least \$166,388.00 under this contract.

VA Contract VA528-C-0528

152. In or about February 2009, VECO was the successful bidder and was awarded contract VA528-C-0528 for services to be performed for the VA. This contract was a set-aside contract for a SDVO small business.

177. Only companies that met all of the VA requirements to be an SDVO small business were eligible to obtain this contract.

178. In submitting a bid to obtain this contract, defendants submitted or caused to be submitted false representations that VECO met all of the VA requirements to be an SDVO small business and was eligible to obtain this contract. Further, through false representations as to VECO's eligibility for SDVO small business awards, defendants induced the government to award the contract.

179. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit a bid for this contract.

180. Had the VA known that VECO did not, in fact, meet all of the VA requirements to be an SDVO small business, it would not have awarded contract VA528-C-0528 to VECO.

181. Multiple invoices or claims for payment for the work performed on this contract were submitted to the VA on behalf of VECO. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit claims, invoices or requests for payment in connection with this contract.

182. VECO was paid at least \$282,403.00 under this contract.

VA Contract VA528-C-0802

183. In or about September 2010, VECO was the successful bidder and was awarded contract VA528-C-0802 for services to be performed for the VA. This contract was a set-aside contract for a SDVO small business.

184. Only companies that met all of the VA requirements to be an SDVO small business were eligible to obtain this contract.

185. In submitting a bid to obtain this contract, defendants submitted or caused to be submitted false representations that VECO met all of the VA requirements to be an SDVO small business and was eligible to obtain this contract. Further, through false representations as to VECO's eligibility for SDVO small business awards, defendants induced the government to award the contract.

186. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit a bid for this contract.

187. Had the VA known that VECO did not, in fact, meet all of the VA requirements to be an SDVO small business, it would not have awarded contract VA528-C-0802 to VECO.

188. Multiple invoices or claims for payment for the work performed on this contract were submitted to the VA on behalf of VECO. Upon information and belief, defendants Strock and Carter caused defendant Golde to submit claims, invoices or requests for payment in

connection with this contract.

189. VECO was paid at least \$2,918,639.00 under this contract.

COUNT I

Violations of the False Claims Act: Presentation of False Claims

(31 U.S.C. § 3729(a)(1) (2006), and, as amended, 31 U.S.C. § 3729(a)(1)(A))

190. The United States incorporates by reference paragraphs 1-189 as if fully set forth in this paragraph.

191. The United States seeks relief against Defendants under Section 3729(a)(1) (2006), and, as amended, 31 U.S.C. § 3729(a)(1)(A) of the False Claims Act.

192. In connection with the foregoing schemes, Defendants knowingly, or with deliberate ignorance or reckless disregard for the truth, presented and/or caused to be presented to the government false or fraudulent claims for payments.

193. By reason of these false claims, the United States has sustained damages in an amount to be determined at trial, and is entitled to a civil penalty as required by law for each violation.

COUNT II

Violations of the False Claims Act: Making or Using a False Record or Statement

(31 U.S.C. § 3729(2)(2006) and, as amended, 31 U.S.C. § 3729(a)(1)(B))

194. The United States incorporates by reference paragraphs 1 - 189 as if fully set forth in this paragraph.

195. The United States seeks relief against Defendants under Section 3729(a)(2), and, as amended, 31 U.S.C. § 3729(a)(1)(B).

196. In connection with the foregoing schemes, Defendants knowingly, or with deliberate ignorance or in reckless disregard for the truth, made, used or caused to made and used, false records and statements material to false and fraudulent claims that were made to the government.

197. Alternatively, to the extent the FCA as it existed prior to its amendment in 2009 applies, as set forth above, in connection with the foregoing schemes, Defendants knowingly, or with deliberate ignorance or in reckless disregard for the truth, made, used or caused to made and used, false records and statements to get false and fraudulent claims paid or approved by the government.

198. By reason of these false claims, the United States has sustained damages in an amount to be determined at trial, and is entitled to a civil penalty as required by law for each violation.

COUNT III

Violations of the False Claims Act: Conspiring to Submit or Cause to be Submitted a False Claim or to Make or Use a False Record or Statement

(31 U.S.C. § 3729(3)(2006) and, as amended, 31 U.S.C. § 3729(a)(1)(C))

199. The United States incorporates by reference paragraphs 1-189 as if fully set forth in this paragraph.

200. The United States seeks relief against Defendants under Section 3729(a)(3), and, as amended, 31 U.S.C. § 3729(a)(1)(C).

201. As set forth above, in connection with the foregoing schemes, Defendants and their co-conspirators knowingly, or with deliberate ignorance or in reckless disregard for the truth conspired to submit or cause to be submitted a false claim, or conspired to make, use or cause to be made or used false records and statements material to false and fraudulent claims that

were made to the government, and took actions to further these conspiracies.

202. Alternatively, to the extent the FCA as it existed prior to its amendment in 2009 applies, as set forth above, in connection with the foregoing schemes, Defendants conspired to defraud the Government by getting a false or fraudulent claim allowed or paid.

203. By reason of these false claims, the United States has sustained damages in an amount to be determined at trial, and is entitled to a civil penalty as required by law for each violation.

COUNT IV

Common Law Fraud

204. The United States incorporates by reference paragraphs 1-189 as if fully set forth in this paragraph.

205. Defendants made material misrepresentations of fact, with knowledge of, or in reckless disregard of, their truth, in connection with the claims for payment submitted by, or on behalf of, Defendants to the United States.

206. Defendants intended that the United States rely upon the accuracy of the false representations referenced above.

207. The United States made substantial payments of money in justifiable reliance upon Defendants' false representations.

208. Defendants' actions caused the United States to be damaged in a substantial amount to be determined at trial.

COUNT V

Unjust Enrichment

209. The United States incorporates by reference paragraphs 1-189 as if fully set forth

in this paragraph.

210. By reason of the payments to defendants, Defendants were unjustly enriched. The circumstances of Defendants' receipt of the contracts at issue are such that, in equity and good conscience, Defendants are liable to account for and pay such amounts, which are to be determined at trial.

PRAYER FOR RELIEF

211. WHEREFORE, plaintiff, the United States, requests that judgment be entered in its favor and against Defendants as follows:

A. On the First, Second and Third Claims for Relief (Violations of the False Claims Act, 31 U.S.C. § 3729(a)), for treble the United States' damages, in an amount to be determined at trial, plus civil penalties for each false claim presented, together with all such relief as may be just and proper;

B. On the First, Second and Third Claims for Relief, an award of costs pursuant to 31 U.S.C. § 3729(a);

C. On the Fourth Claim for Relief (Common Law Fraud), for an amount to be determined at trial, together with costs and interest;

D. On the Fifth Claim for Relief (Unjust Enrichment), for an accounting and for the amounts by which defendants were unjustly enriched, in an amount to be determined at trial, together with costs and interest; and

E. All other relief this Court deems just and proper, including post-judgment interest and costs of this action.

DEMAND FOR JURY TRIAL

The United States demands a jury trial in this case.

Respectfully submitted,

BENJAMIN C. MIZER
Principal Deputy Assistant Attorney General

WILLIAM J. HOCHUL, JR.
United States Attorney

DATED: October 7, 2015

BY: *s/Kathleen A. Lynch*
KATHLEEN A. LYNCH
GRETCHEN L. WYLEGALA
Western District of New York
138 Delaware Avenue
Buffalo, New York 14202
Kathleen.Lynch@usdoj.gov
Tel. (716) 843-5700

MICHAEL D. GRANSTON
RENÉE BROOKER
GLENN P. HARRIS
U.S. Department of Justice
Civil Division
601 D St., N.W.
Washington, DC 20004
Glenn.P.Harris@usdoj.gov
Tel: 202-305-4207

AT: Buffalo, New York