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PRESS RELEASE

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Former MCC Construction Company Officer and Owner Pleads Guilty to Conspiring to Defraud Government Illegally Obtained Federal Contracts Meant for Small, Disadvantaged Businesses

WASHINGTON – Walter Crummy, a former officer and owner of MCC Construction Company (MCC), pleaded guilty to a federal charge of conspiring to commit wire fraud. Crummy also agreed to pay forfeiture in the amount of \$105,618.

The plea was announced by Acting Assistant Attorney General Renata Hesse of the Justice Department's Antitrust Division; U.S. Attorney Channing D. Phillips of the U.S. Attorney's Office for the District of Columbia; Paul M. Abbate, Assistant Director in Charge of the FBI's Washington Field Office; Peggy E. Gustafson, Inspector General for the U.S. Small Business Administration (SBA); Carol Fortine Ochoa, Inspector General of the U.S. General Services Administration (GSA); Brian J. Reihms, Special Agent in Charge of the Central Field Office of the Defense Criminal Investigative Service (DCIS), and Frank Robey, Director of the U.S. Army Criminal Investigation Command's Major Procurement Fraud Unit (MPFU).

According to court documents, MCC and others conspired with two companies that were eligible to receive federal government contracts set aside for small, disadvantaged businesses with the understanding that MCC would illegally perform all of the work. In so doing, MCC was able to win 27 government contracts worth over \$70 million from 2008 to 2011. The scope and duration of the scheme resulted in a significant number of opportunities lost to legitimate small and disadvantaged businesses.

"We will continue to work with our colleagues at the U.S. Attorney's Office and in law enforcement to protect the integrity of federal contracting programs," said Acting Assistant Attorney General Hesse of the Justice Department's Antitrust Division.

“Walter Crummy knowingly participated in a scheme that allowed MCC Construction Company to illegally cash in on federal contracts designated for small disadvantaged businesses. This prosecution shows our determination to maintain the integrity of federal contracting programs meant to aid small, disadvantaged businesses,” said U.S. Attorney Phillips. “We will continue to work with our law enforcement partners to identify and prosecute those who abuse these programs at the expense of deserving businesses.”

“The FBI and our law enforcement partners are committed to upholding the integrity of the federal contracting process and protecting opportunities intended for small and economically disadvantaged businesses,” said Assistant Director in Charge Abbate. “Those who cheat the system through unlawful, fraudulent means are harming small businesses and stealing from American taxpayers, and they will be held accountable under the law.”

“Those who commit fraud in SBA’s preferential contracting programs will face justice,” said SBA Inspector General Gustafson. “The integrity of SBA’s programs is vital to honest, hard-working small business owners across the nation. I want to thank the U.S. Attorney’s Office and our law enforcement partners for their leadership and dedication to serving justice.”

“Federal vendors who use deceitful practices to game the small business set-aside program will be held accountable,” said GSA Inspector General Ochoa.

“The Defense Criminal Investigative Service is committed to working with our partner agencies to combat fraud impacting the Department of Defense’s vital programs and operations and maintain the integrity of the procurement system,” said Special Agent in Charge Reihms.

Crummy, 63, of Morrison, Colorado, was charged in a criminal information on July 27, 2016, in the U.S. District Court for the District of Columbia with one count of conspiring to commit wire fraud. He waived the requirement of being charged by way of federal indictment, agreed to the filing of the information and accepted responsibility for his criminal conduct. The charge carries a statutory maximum of five years in prison and potential financial penalties.

The Honorable Ketanji Brown Jackson scheduled sentencing for Dec. 13, 2016.

Court documents state that MCC violated the provisions of the SBA 8(a) program. The SBA 8(a) development program is designed to award contracts to businesses that are owned by “one or more socially and economically disadvantaged individuals.” To qualify for the 8(a) program, a business must be at least 51 percent owned and controlled by a U.S. citizen (or citizens) of good character who meet the SBA’s definition of socially and economically disadvantaged. The firm must also be a small business (as defined by the SBA) and show a reasonable potential for success. Participants in the 8(a) program are subject to regulatory and contractual limits. Also, under the program, the disadvantaged business is required to perform a certain percentage of the work. For the types of contracts under investigation here, the SBA 8(a)-certified companies were required to perform 15 percent or more of the work with its own employees.

Court documents also state that Crummy drafted corporate documents between MCC and one of the SBA-eligible companies whereby MCC would provide all labor, equipment, materials, safety and supervision and in return receive 97 percent of the contract task order amount. This agreement by its terms meant that the SBA-eligible company would be violating SBA rules and regulations and would instead collect a 3 percent fee for allowing their small business status to be used.

Earlier this year, MCC pleaded guilty to conspiring to commit fraud on the United States by illegally obtaining government contracts that were intended for small, disadvantaged businesses and agreed to pay \$1,769,924 in criminal penalties and forfeiture. In June, Thomas Harper, another former officer and owner of MCC, pleaded guilty to conspiring to obstruct proceedings before a department or agency.

The investigation is being conducted by the FBI's Washington Field Office, the Inspector General for the U.S. Small Business Administration (SBA), the Inspector General of the U.S. General Services Administration (GSA), the Central Field Office of the Defense Criminal Investigative Service (DCIS) and the U.S. Army Criminal Investigation Command's Major Procurement Fraud Unit (MPFU).

The prosecution is being handled by Assistant U.S. Attorney Matt Graves and John Marston of the U.S. Attorney's Office for the District of Columbia and Assistant Chief Craig Y. Lee and Trial Attorneys Kevin B. Hart and Justin P. Murphy of the Antitrust Division.

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