



United States Files Suit Against Air Ideal and its Owner for Allegedly Submitting False Claims Under Historically Underutilized Business Zone Program

FOR IMMEDIATE RELEASE

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The United States has filed a complaint against Orlando, Florida, based Air Ideal Inc. and its owner, Kim Amkraut, for allegedly making false statements to the Small Business Administration (SBA) to obtain certification as a Historically Underutilized Business Zone (HUBZone) company, the Justice Department announced today.

“The HUBZone program is intended to create jobs in areas that have historically had trouble attracting business,” said Acting Assistant Attorney General Joyce R. Branda for the Justice Department’s Civil Division. “This suit demonstrates that the United States will hold accountable those who knowingly violate the requirements of this vital program.”

“The HUBZone procurement program imposes very clear requirements upon contractors that must be followed,” said U.S. Attorney A. Lee Bentley III for the Middle District of Florida. “By intervening in this case, we reaffirm our commitment to maintaining the integrity of vital programs such as these, which undergird our economy.”

Under the HUBZone program, companies that maintain their principal office in a designated HUBZone and meet certain other requirements can apply to the SBA for certification as a HUBZone small business company. HUBZone companies can then use this certification when bidding on government contracts. In certain cases, government agencies will restrict competition for a contract to HUBZone-certified companies.

The complaint alleges that Air Ideal and Kim Amkraut originally applied to the HUBZone program in 2010 by claiming that Air Ideal’s principal office was located in a designated HUBZone. The complaint further alleges that, in fact, this location was a “virtual office” where no Air Ideal employees worked and Air Ideal was actually located in a non-HUBZone location. Allegedly, the defendants not only misrepresented the location of Air Ideal’s principal office to the SBA, but also submitted to the SBA a fabricated lease agreement for its purported HUBZone office.

The complaint alleges that Air Ideal used its fraudulently-procured HUBZone certification to obtain contracts from the U.S. Coast Guard, U.S. Army, U.S. Army Corps of Engineers and the U.S. Department of Interior that were worth millions of dollars. Each of those contracts had been set aside for qualified HUBZone companies. The complaint asserts claims against Air Ideal and Kim Amkraut under the False Claims Act and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

“The HUBZone Program offers significant benefits to eligible small businesses and is an important tool for unlocking the potential of historically underutilized business zones,” said Inspector General Peggy E. Gustafson for the SBA. “Preferences for federal contract awards must not be given to persons who lie in order to claim eligibility. This type of fraud undermines confidence in the HUBZone Program and other small business set-aside contract programs.”

The United States filed its complaint in a lawsuit filed under the *qui tam* or whistleblower provisions of the False Claims Act. Under the act, a private citizen can sue on behalf of the United States and share in any recovery. The United States is entitled to intervene in the lawsuit, as it has done here.

This matter was handled by the Civil Division’s Commercial Litigation Branch and the U.S. Attorney’s Office for the Middle District of Florida, in conjunction with the SBA’s Office of Inspector General and Office of General Counsel, the U.S. Department of Homeland Security’s Office of Inspector General and the Defense Criminal Investigative Service.

The case is *U.S. ex rel. Hopson v. Air Ideal, Inc. and Kim Amkraut*, No. 6:13-cv-775-Orl-37GJK (M.D. Fla.).

The claims asserted against Air Ideal and Kim Amkraut are allegations only, and there has been no determination of liability.