

DEFENSE CONTRACT MANAGEMENT AGENCY



ACQUISITION INTEGRITY GLOBAL ENGAGEMENT

Performance-Based Debarments



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S&D Officials

- Historically have waited for Indictments or Convictions
- Changing Attitudes

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Air Force "Fraud Facts" – Spring 2012

"We also want to learn about significant performance failures that did not result in termination for one reason or another. . . (The DoDIG has) found that contracting officers are not referring poor performers and, thus, concluded that poor performers may still be receiving contracts. The importance of your referrals cannot be overstated. We're not here to second guess your decisions but rather are here to protect the government's interests and, to do so, need this information, so that we can consider whether debarment is appropriate. We encourage all contracting personnel and their program counsel to . . . make sure they are referring us all poor performers.

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Misconduct Light

- **Prosecution Declined**
- **“Front Company” – Johnson Machine**
- **Contractor Disclosures**
 - Brad Edwards, Tommy Williams, Glenn Crawford

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Generic Examples

- Contractor bypasses source inspection requirements in the contracts by inputting destination into WAWF and getting paid with no source inspection even though clearly called out in the contracts.
- Contractor is the awardee on numerous small dollar value contracts from DLA, often bidding low, only to come back requesting price increases, waivers for material change from specifications and when such is not forthcoming, requesting cancellation, or simply not performing. This practice prohibits legitimate offers and reduces the chance of successful completion and delivery for the items required. It also results in a loss of DCMA time and resources for quality assurance and contract/modification review. There's also disruption to the supply system by quoting and receiving awards and then not delivering, and damage suffered by military customers who do not receive the parts on time.

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Accept but Decline

- Emerson Company repeatedly accepted awards and failed to deliver. Of 335 line items awarded during a reporting period to Emerson, 96 had been cancelled due to Emerson not performing. Of those performed, 81 were delinquent, a 52% cancellation/delinquency rate.
- Granco Industries was awarded 131 purchases orders by DLA. Of those, 104 were cancelled (79%), 24 were delivered late (18%) with an average of 142 days late, and 3 contracts (2%) were delivered on time. Additionally, based upon a General Services Administration investigation, three GRANCO NSN stock items in GSA depots failed independent testing due to the use of nonconforming steel.

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DCMA Electronic Combat Test & Evaluation
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- ECTEC contracted with Army Mission Support to provide supplies/services in conjunction with Radio Frequency Monitoring and Data Analysis Systems.
- A contract modification extended the delivery date but the contractor subsequently informed the PCO that he did not have the financial resources to complete the contract.
- ECTEC did not respond to an Army Show Cause Notice and the contract was terminated for default. DCMA issued a demand letter for the amount paid and submitted a debarment recommendation to the Army.

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DCMA Alanna's Engineering
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- DCMA QAR found co-mingled non-conforming and conforming material. Upon investigation, the company was unable to show traceability or proper certifications for materials.
- Allana's had been inspecting hardware with un-calibrated tools for almost two years and was nonresponsive to corrective action requests.
- Debarment recommendation submitted to DLA. Alanna's and principals were proposed for debarment on 9/26/12 based on Alanna's repeated inability to perform on DLA Purchase Orders.

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DCMA The Story of "X"
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- "X" owned 3 small businesses located in the same facility in NJ supplying critical application items and critical safety items.
- The companies had a lengthy history of failing to correct deficiencies in performance. Upon tightening down on inspections, DCMA issued 54 Corrective Action Requests in a 1 year period.
- "X" and the companies were debarred until 2023.

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 **TTF**

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- TTF had been previously debarred in association with a criminal matter, but continued to have a long history of inability to perform contracts.
- The Buying Activity routinely terminated for convenience. Due to buying activity reluctance to terminate the contracts for default, DCMA did not recommend debarment.
- Subsequently, TTF delivered nonconforming/defect wiring harnesses to be utilized on KC 135 aircraft and DCMA recommended debarment. The company and others were debarred on 5/8/12, 5 months PRIOR to the filing of a civil FCA case.

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 **Best Foam / Keystone Advisors**

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- Best Foam Fabricators, controlled by the Hasty family, was involuntarily dissolved in 2009.
- Through a variety of transactions, these assets were returned to the Hastys.
- A new family owned company then tried to assume Best Foam's contracts and CAGE Code without following FAR procedures.
- The debarment was based upon the Hastys' continued misrepresentation as to the nature and status of their company in order to maintain their relationship with the Government after the sale and dissolution of Best Foam Fabricators.

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