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## THE BLOG

# Department of Energy Surrenders in Legal Battle for Bechtel Contracting Data

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 Like 1**Lloyd Chapman**   
Small business advocate

On Thursday, May 20, the American Small Business League (ASBL) won its 7th legal battle against the federal government in Federal District Court, Northern District of California. In our most recent case, the ASBL filed suit against the U.S. Department of Energy (DOE) after the agency refused to release detailed information on a \$3.6 billion federal contract awarded to Bechtel Bettis Inc. We requested information on the prime contract after we found hundreds of millions in awards under the contract, which indicated Bechtel Bettis Inc. was a "small business" in the socio-economic status field in the Federal Procurement Data System (FPDS-NG).

The DOE initially refused to release the names of the Bechtel executives Kimon Andreos, Manager, Procurement and Materials Management, and Lisa Smith, Small Business Program Manager. The contract was initially awarded by DOE Contract Specialist Anthony DeNapoli.

Several aspects of this lawsuit are interesting. Number one, how and why is the term "small business" used in association to a federal contract awarded to Bechtel Bettis? Number two, why was it necessary to file a federal lawsuit to obtain what should be routine information on a federal contract?

## I think I know.

Since 2003, over a dozen federal investigations have found billions of dollars a month in federal funds, which by law should be going to America's 27 million small businesses, have been diverted to Fortune 500 firms and some of the largest businesses around the world.

Recent government data indicates that the Obama Administration has diverted billions of dollars in federal small business contracts to firms like: Lockheed Martin,

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Boeing, Raytheon, Northrop Grumman, Dell Computer, British Aerospace (BAE), Rolls-Royce, French giant Thales Communications, Ssangyong Corporation headquartered in South Korea, and the Italian firm Finmeccanica SpA. (<http://www.asbl.com/documents/20090825TopSmallBusinessContractors2008.pdf>)

In Report 5-15, the SBA Office of Inspector General referred to the issue as, "One of the most important challenges facing the Small Business Administration and the entire Federal government today." (<http://www.asbl.com/documents/05-15.pdf>)

In February of 2008, even [President Obama recognized the magnitude](#) of the problem when he stated, "It is time to end the diversion of federal small business contracts to corporate giants."

**Here's the truth...** not only has President Obama refused to adopt policies or legislation to stop the diversion of federal small business contracts to large businesses, but he has taken actions to cover it up. Case in point, on March 12 of this year, the Obama Administration destroyed 10-years worth of contracting data used by federal investigators to uncover widespread fraud and abuse in small business contracting programs.

Now, why should you care about the ASBL and our legal campaign to stop the government from giving federal small business funds to Fortune 500 firms? Here's why, small businesses create nearly 100 percent of net new jobs in America. If America is going to recover from its worst economic downturn in 80 years, the federal government needs to quit diverting federal funds, that by law should be going to the 27 million small businesses where most Americans work, to corporate giants around the world.

I'm guessing that 99.9 percent of all Americans would agree that Fortune 500 firms in the U.S. and corporate giants around the world should not be allowed to hijack government small business funds.

**Now let's solve the problem.** H.R. 2568, the Fairness and Transparency in Contracting Act, is pure, simple and effective. I wrote the original draft of H.R. 2568 on the notepad next to a telephone in the Double-Tree Hotel in Durango, CO. The Small Business Act defines a small business as being "independently owned," which excludes publicly traded firms. H.R. 2568 simply states that the federal government can no longer report awards to publicly traded companies as small business awards. Research by the ASBL suggests that if this bill were passed, up to \$120 billion in federal small business contracts, which are currently being diverted to corporate giants and their subsidiaries, would be redirected to small businesses and the middle class economy.

H.R. 2568 was introduced in May of 2009, by Representative Hank Johnson (D-GA), and currently has bipartisan support from 24 members of the House of Representatives.

H.R. 2568 would do more to stimulate the economy and create jobs than anything that has been proposed by President Obama or Congress. So why hasn't the bill been passed and signed into law? Answer, no journalist has ever asked President Obama why his administration is diverting federal small business funds to Fortune

Obama why his administration is diverting federal small business funds to Fortune 500 firms. Nothing is going to change until the, "middle class being cheated out of \$120 billion a year in federal contracts," becomes a bigger story to the mainstream media, and the Obama Administration is held accountable for the abuses.

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