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## THE BLOG

# Obama Administration Destroys Incriminating Contracting Data

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**Lloyd Chapman**   
Small business advocate

In March of 2005, the Small Business Administration (SBA) Office of the Inspector General found large businesses had fraudulently represented themselves as small businesses to illegally receive federal small business contracts. Report 5-16 stated large businesses had committed fraud by making “false certifications,” and “improper certifications.” ([PDF](#))

On Friday, March 12, the General Services Administration (GSA) destroyed all of the information that had been used in that investigation.

Since 2003, over a dozen federal investigations have found that Fortune 500 firms have received federal small business contracts. In 2004, the SBA Office of Advocacy found large businesses had received federal small business contracts fraudulently through what they referred to as “vendor deception.”

As a result of the deletion of the data it will be significantly more difficult, if not impossible, for federal investigators to conduct investigations into fraud and abuse in federal small business contracting programs. Despite public outcry over the proposed changes, the GSA has eliminated the data under the guise of upgrading the system and making it easier to search.

The American Small Business League (ASBL) maintains that the GSA eliminated the data to destroy evidence, which clearly shows that some of the nation’s largest contractors, primarily in the defense and aerospace industry, have committed felony federal contracting fraud. Section 16(d) of the Small Business Act prescribes a penalty of up to 10 years in prison, a \$500,000 fine per occurrence and debarment from federal contracting programs for such abuses.

In February of 2008, the ASBL sued the SBA for the release of the names of Fortune

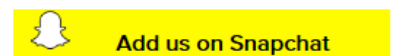
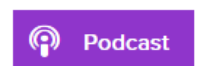
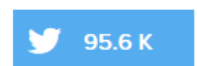
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500 firms and other large businesses that had received billions of dollars in federal small business contracts. The SBA withheld the information until directed to release it by United States District Judge Marilyn H. Patel. In the court's ruling Patel stated, "The court finds it curious the SBA's argument that it does not 'control' the very information it needs to carry out its duties and functions." ([PDF](#))

At some point in the near future it is going to be clear that the GSA destroyed evidence of hundreds of billions of dollars in fraud. I think Congress and the FBI need to investigate the GSA's role in this matter. When it does come out that evidence of fraud was destroyed, the GSA officials responsible need to be prosecuted.

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