

## JUSTICE NEWS

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### **NASA Contractor to Pay U.S. to Resolve False Claims Act Liability Concerning Service-Disabled Veteran-Owned Small Business Fraud**

#### **Michigan-Based Firm Did Work at Ohio Facility**

WASHINGTON - Lydia Demski, the owner of Deerpath Corp., has agreed to pay the United States \$800,000 to resolve allegations that she and her companies, including Deerpath Corp., Scope Services Inc. and American Nuclear Resources Inc. knowingly caused false claims to be submitted relating to a contract to provide re-furbishment of equipment at the National Aeronautics and Space Administration's (NASA) Plumbrook facility in Sandusky, Ohio, the Justice Department announced today.

The re-furbishment contract at Plumbrook was set aside by NASA to be performed by a Service-Disabled Veteran-Owned Small Business (SDVOSB). Under that set-aside program, one or more service-disabled veterans must own and control the small business. The United States alleged that Demski, who is not a service-disabled veteran, organized and controlled a business called Deerpath International in order to capture SDVOSB set-aside contracts and funnel the work to her St. Joseph., Mich.-based company, Deerpath Corp.

"The department will pursue government contractors who game the system to take opportunities away from our Nation's disabled veterans," said Tony West, Assistant Attorney General for the Civil Division of the Department of Justice. "Settlements like this one help ensure that our men and women in uniform who have sacrificed so much have the support they need to start small businesses."

The government's investigation of Deerpath International was initiated by a lawsuit, *U.S. ex rel. Fones v. Deerpath International, et al.*, No. 07-CV-3802 (N.D. OH), filed under the False Claims Act's *qui tam*, or whistleblower, provisions, which permit private parties to sue for false claims on behalf of the United States and to share in any recovery. The whistleblower in this case, Greg Fones, will receive \$140,000 of the settlement.

"I can think of few things more egregious than taking advantage of a program designed to help those who were wounded or injured defending our nation," said Steven M. Dettelbach, U.S. Attorney for the Northern District of Ohio.

The government's investigation was conducted by the Civil Division of the U.S. Department of Justice, the U.S. Attorney's Office for the Northern District of Ohio and the NASA Office of Inspector General.

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Civil Division

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