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Washington Post Getting Closer to Accusing the SBA of Fraud

By: **Lloyd Chapman (Diary)** | August 6th, 2014 at 06:51 PM | 0

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The *Washington Post* is getting ever so slightly closer to acknowledging that the Obama Administration has cheated American small businesses out of hundreds of billions if not trillions of dollars in federal contracts.

I have spoken to Washington Post reporter J.D. Harrison on several occasions and I think he is a well-meaning young man. I have sent him numerous federal investigations that have uncovered blatant felony federal contracting fraud and irrefutable evidence the Small Business Administration (SBA) is *falsifying and fabricating* both the actual volume and the true percentage of contracts awarded to small businesses.

J.D. has seen the investigations from the SBA Inspector General that refer to the diversion of federal small business contracts to large businesses as, "One of the most important challenges facing the Small Business Administration and the entire federal government today..."

J.D. has seen GAO report 10-108 that essentially accused the SBA of encouraging felony federal contracting fraud which stated, "By failing to hold firms accountable, SBA and contracting agencies have sent a message to the contracting community that there is no punishment or consequences for committing fraud..."

J.D. has seen the federal investigations that found large businesses are committing felony federal contracting fraud by making "false certifications", "improper certifications" and by engaging in "vendor deception".

J.D. knows not only has the SBA refused to adopt any legislation or policies to stop the rampant fraud and abuse in federal small business contracting programs, they are actually *taking public comment on a new policy* to encourage and protect fraud by creating a "safe harbor from fraud penalties" for firms that commit felony federal contracting law. (Why don't you do a story of that J.D.?)

I think J.D. Harrison is writing the strongest story his editors will allow when he very delicately challenged the accuracy of the Small Business Administration's latest claim that they awarded *23.39% of all federal contracts* to small businesses.

Notice not one SBA official or any other Obama Administration official was directly quoted in the story. Notice he never mentioned my name either and I have uncovered fraud at the SBA since 2002. (Call Terry Sutherland J.D and see what happens)

Here are some of the facts J.D. Harrison was not allowed to write. First, in calculating the percentage of awards to small businesses, the SBA used what they call "small business eligible dollars." What J.D. can't write is there is no such thing as "small business eligible dollars" under federal law. Federal law clearly requires a *minimum of 23% of the total value of all federal contracts to be awarded to small businesses*. I challenge anyone to show me any section of the Small Business Act that mentions the words, "small business eligible dollars." The federal government spent *approximately \$3.5 trillion* in fiscal year 2013. To falsify, fabricate, inflate, misrepresent and blatantly lie about the percentage of federal contracts awarded to small businesses the SBA used a federal acquisition budget number of just *\$355 billion*. That's less than 10% of what the federal government actually spent in 2013.

J.D. Harrison can't write that according to a recent legal opinion by Professor Charles Tiefer, one of the nation's leading experts on federal contracting law, the true federal acquisition budget number the SBA should be using to calculate the percentage of contracts awarded to small businesses is *approximately \$1.1 trillion*. That's three times larger than the number the SBA uses to cheat American small businesses out of hundreds of billions of dollars in federal contracts year after year.

Professor Tiefer's legal opinion also finds no justification under the law for the SBA's consistent inclusion of billions of dollars in contracts to corporate giants in their small business contracting data.

J.D. Harrison's career at the Washington Post would come to an abrupt end if he were to tell the truth that every year of the Obama Administration *billions of dollars in federal contracts to Fortune 500 firms* and thousands of the largest corporate giants around the world have been included in the Obama Administration's *small business contracting data* year after year.

If the true and accurate federal acquisition budget were used for fiscal year 2013 and if only firms that currently met the federal definition of a small business were used, legitimate small businesses probably received less than 3% of federal contracts in 2013. That's a shortage of approximately \$200 billion a year. Multiply that by the last six years of the Obama Administration and that's \$1.2 TRILLION.

If you would like to challenge my calculations show me the federal law that allows the use of "small business eligible dollars" in the calculation of the percentage of federal contracts to small businesses. Show me any federal law, not some bull shit SBA policy that clearly stipulates Fortune 500 firms and their subsidiaries can be considered small businesses.

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So congratulations to J.D. Harrison and the Washington Post for finally coming around and very politely questioning the accuracy of the Obama Administration's small business contracting data. Maybe they will finally get around to telling the whole truth that has been uncovered in a long series of federal investigations and investigative reports in the media for over 12 years.

I am hopeful but I know the Washington Post will never write the story of the President that said, "It's time to end the diversion of federal small business contracts to corporate giants" (Obama 2008), has been directly responsible for diverting more federal small business contracts to "corporate giants" than any President in history and he has cheated the middle class out trillions of dollars in federal contracts.

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
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