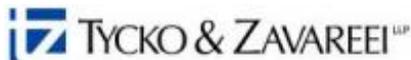


California-Based Information Technology Companies Settle False Claims Act Lawsuit Alleging That They Misrepresented Company as a Small Business to Receive Specialized Federal Contracts; Agree to Pay \$5.8 Million



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The [Department of Justice \(DOJ\)](#) recently settled a False Claims Act lawsuit with information technology companies En Pointe Gov., Inc., En Pointe Technologies Inc., En Pointe Technologies Sales Inc., Dominguez East Holdings LLC and Din Global Corp. (“En Pointe companies”). The lawsuit alleged that En Pointe Gov. Inc. fraudulently represented itself as a small business in order to bid on government contracts that were specifically set-aside for small businesses. The case was filed in 2014 in the Central District of California by Minburn Technology Group, LLC and Anthony Colangelo, who is the managing member of Minburn (collectively the “Relators”).

Based in Gardena, California, the En Pointe companies function as IT service providers for a diverse group of clients within various industries, including education, healthcare, and the public sector. The companies resell hardware

products such as computers and printers, and provide IT consulting services related to systems management, IT security, and data backup and recovery.

The Small Business Administration (“SBA”) was created as a federal agency in 1953, with the mission “to maintain and strengthen the nation’s economy by enabling the establishment and viability of small businesses...” The SBA establishes guidelines based on service type and sets size-standards based on the number of employees within a company and the number of the company’s receipts, to determine whether it can be classified as a small business. Businesses self-certify and register under the SBA’s guidelines in order to be eligible to bid on contracts that are specifically established for small businesses.

Within the Amended Complaint, which was filed in January 2016, the relators alleged that En Pointe Gov., Inc. fraudulently stated, represented, and certified that it was a small business over 200 times to the United States government, which led to the company being awarded millions of dollars in government contracts that it did not qualify for. Under the SBA’s Small Business Act (“Act”), approximately 23% of federal contracts are set aside for small businesses. En Pointe Gov., Inc.’s purported false claims to the government that it was a small business led to unfair competition with legitimate small businesses, and resulted in the abuse of government contracts that are largely funded by taxpayers. The Amended Complaint also alleged that En Pointe Gov., Inc. underreported its sales information to the General Services Administration to the tune of \$123 million, which allowed the company to circumvent paying close to \$1 million in fees.

The relators brought the *qui tam* lawsuit under the False Claims Act (“FCA”), which allowed them to act on behalf of the U.S. government in exposing the government programs fraud that was being committed by the En Pointe companies. Under the FCA, relators receive a portion of the money that has been recovered by the government, which is known as the relator’s share. Minburn and Colangelo are set to receive \$1.4 million of the \$5.8 million settlement for their involvement in the case.

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