

## Department of Justice

U.S. Attorney's Office

District of Colorado

FOR IMMEDIATE RELEASE

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## Companies Agree to Pay \$1.15 Million to Resolve Allegations of Fraud in Obtaining Army Contracts Reserved for Eligible Small Businesses

DENVER – The United States Attorney's Office for the District of Colorado announces that Idaho-based Native American Services Corp. (NASCO) and Texas-based Mirador Enterprises, Inc. (Mirador) have agreed to pay \$1.15 million to the United States to resolve allegations of fraud related to two construction contracts at Colorado's Fort Carson Army installation. NASCO will pay \$750,000 of the settlement amount, and Mirador will pay \$400,000.

The United States' investigation of NASCO and Mirador focused on two construction contracts (together, "the Fort Carson Projects"). One contract was reserved for eligible participants in the Small Business Administration's "8(a) Program" for economically and socially disadvantaged small businesses, and another project was set aside for eligible small businesses. When the solicitation for the Fort Carson Projects was issued, Mirador qualified both as a small business and as an 8(a) Program participant. NASCO served as a mentor to Mirador through the SBA's Mentor-Protégé Program, which is designed to help eligible small businesses gain capacity and win government contracts through partnerships with more experienced companies. But NASCO was not itself eligible for small business set-aside contracts.

The United States contends that although the bids for the Fort Carson Projects were submitted in Mirador's name and listed Mirador as the prime contractor, the bids were in fact prepared by NASCO with the intent that NASCO take on the primary role in the performance of the contracts, which was not allowed. The United States contends that NASCO took the lead in the performance of the Fort Carson Projects, and provided assistance on the projects that far exceeded what was permitted under the Mentor-Protégé relationship.

The United States also contends that after the United States notified Mirador of its concerns about NASCO's improper level of involvement, NASCO and Mirador took steps to conceal the fraud. The United States alleges, for example, that NASCO and Mirador took actions that made it appear that NASCO was transferring employees to Mirador, but these employees remained under NASCO's control; that NASCO gave information to Mirador employees to make them appear more involved or knowledgeable about the Fort Carson Projects than they actually were; and that NASCO drafted correspondence for Mirador's signature, to be sent to the United States.

"Set-aside contracts provide opportunities for small, historically disadvantaged businesses. These programs benefit taxpayers and consumers by supporting healthier and more competitive markets," said United States Attorney Cole Finegan. "Those important goals are undermined when companies exploit those programs by committing fraud."

"Using any SBA program fraudulently undermines the spirit and true intent of bolstering the backbone of the nation's economy—small businesses," said SBA OIG's Western Region Special Agent in Charge Weston King. "OIG continues to relentlessly root out and protect the integrity of all SBA's programs. I want to thank the U.S. Attorney's Office for its leadership, dedication and continual collaboration in pursuing justice."

"Today's outcome demonstrates the commitment of the Department of Defense Office of Inspector General, Defense Criminal Investigative Service (DCIS) and our law enforcement partners to protect the integrity of the DoD contracting process, including set-aside programs intended to help smaller and/or disadvantaged businesses," said Special Agent in Charge Michael C. Mentavlos of the DCIS Southwest Field Office. "DCIS will continue to aggressively pursue and hold accountable those individuals who take advantage of these programs and illegally profit from taxpayer resources."

"This result is a clear example of the continued dedication by the U.S. Army Criminal Investigation Division's Major Procurement Fraud Unit (MPFU) and joint federal agency law enforcement partners who work diligently every single day to root out fraud and deception carried out by U.S. Government contractors," said Ray Rayos, Special Agent in Charge, SW Fraud Field Office, San Antonio, TX.

The claims settled by this civil agreement are allegations. In entering into this settlement, NASCO and Mirador did not admit to any liability.

The United States was represented in this matter by Assistant United States Attorney Andrea Wang.

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**Topic(s):**  
Financial Fraud

**Component(s):**  
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