

THE UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT *of* VIRGINIA

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Department of Justice

U.S. Attorney's Office

Eastern District of Virginia

FOR IMMEDIATE RELEASE

Thursday, October 27, 2022

Government Prime Contractor Ordered to Pay \$1.1 Million for Subcontractors' Kickback Scheme on Wounded Warrior Program

ALEXANDRIA, Va. – On October 24, the U.S. District Court for the Eastern District of Virginia held Management Consulting, Inc. (Mancon), located in Virginia Beach, strictly liable under the Anti-Kickback Act and ordered it to pay a \$1,088,803 civil penalty.

The United States filed a civil complaint against Mancon to recover a civil penalty under the strict liability provision of the Anti-Kickback Act. From 2008 to 2015, Mancon served as a prime contractor for the United States' Wounded Warrior Program. From 2012 to 2015, the subcontractor that Mancon selected to work on its prime contracts accepted \$1,088,803 in kickbacks from a lower-tier subcontractor in exchange for work on Mancon's prime government contracts. The United States previously recovered \$4.3 million from Mancon's subcontractor to resolve False Claims Act and Anti-Kickback Act claims related to the kickback scheme on Mancon's Wounded Warrior contracts and other prime government contracts.

The Court held that Mancon, as a prime contractor, was strictly liable for a civil penalty equal to the value of the kickbacks paid and accepted by its subcontractors on the Wounded Warrior contracts. The Court also held that this penalty was constitutional, and that the penalty was not subject to an offset based on the United States' prior recoveries from Mancon's subcontractors.

This litigation was the result of a coordinated effort between the U.S. Attorney's Office for the Eastern District of Virginia; the Department of Defense Office of Inspector General, Defense Criminal Investigative Service's Mid-Atlantic Field Office; U.S. Army Criminal Investigation Division, Major Procurement Fraud Field Office; and the Naval Criminal Investigative Service.

The case was litigated by Assistant U.S. Attorneys William Hochul III and Kristin Starr.

A copy of this press release is located on the website of the [U.S. Attorney's Office](#) for the Eastern District of Virginia. Related court documents and information are located on the website of the [District Court](#) for the Eastern District of Virginia or on [PACER](#) by searching for Case No. 1:21-cv-890.

Topic(s):

Financial Fraud

Component(s):

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