



Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, September 7, 2022

Colorado Company and Owner Agree to Pay \$625,000 for Alleged False Claims Related to Buy American Act Violations

The Department of Justice announced today that Instec Inc. (Instec), located in Boulder, Colorado, and Dr. Zhong Zou, Instec's owner and president, have agreed to pay \$625,000 to resolve allegations that the company and Zou violated the False Claims Act by failing to comply with the requirements of the Buy American Act (BAA) when selling scientific instruments to federal agencies and national laboratories.

The BAA was enacted in 1933 to protect U.S. manufacturing by creating a preference for domestic products when the federal government purchases supplies. The United States alleged that Instec and Zou knowingly violated the BAA by falsely certifying that goods sold to the government pursuant to contracts containing domestic-preference requirements were of domestic origin, when these goods were actually manufactured in China.

"Those who contract with the government must comply with all applicable terms," said Principal Deputy Assistant Attorney General Brian M. Boynton, head of the Justice Department's Civil Division. "This settlement demonstrates the department's commitment to protect American businesses by enforcing domestic preference requirements."

"When companies commit to manufacture their goods in the United States, then shirk that commitment, they violate the law and undermine American manufacturing jobs, too," said U.S. Attorney Cole Finegan for the District of Colorado. "The U.S. Attorney's Office for the District of Colorado is committed to enforcing the Buy American Act and pursuing companies that violate it."

The resolution obtained in this matter was the result of a coordinated effort between the Justice Department's Civil Division, Commercial Litigation Branch, Fraud Section and the U.S. Attorney's Office for the District of Colorado with assistance from the Department of Energy Office of Inspector General, the Defense Criminal Investigative Service, the National Aeronautics and Space Administration Office of Inspector General and the Army Criminal Investigation Division (CID).

"Federal contractors cannot simply dispense with contractual requirements designed to protect American industry," said Department of Energy Inspector General Teri L. Donaldson. "I applaud the investigators as well as the Justice Department and U.S. Attorney's Office for the District of Colorado for their efforts in reaching this settlement."

"This settlement demonstrates the commitment of the Department of Defense, Office of Inspector General, Defense Criminal Investigative Service (DCIS), along with our law enforcement partners, to aggressively pursue those who defraud the United States government," said Acting Special Agent in Charge Gregory Shilling of the DCIS Southwest Field Office. "This type of activity undermines the procurement process, and those responsible will be held accountable."

"The Buy American Act promotes American businesses and protects U.S. economic interests," said Assistant Inspector General for Investigations Robert Steinau for the NASA Office of Inspector General (OIG). "This agreement reflects NASA OIG's commitment to work with our law enforcement partners in identifying and holding accountable those who engage in deliberate disregard of contractual requirements."

“This settlement highlights the resolve of Army CID and our law enforcement partners to hold government contractors accountable for their actions,” said Special Agent in Charge L. Scott Moreland of the U.S. Army CID’s Major Procurement Fraud Field Office. “The ability to protect and defend the assets of the U.S. Army is always our top priority

The matter was handled by Trial Attorney Jason M. Crawford of the Justice Department’s Civil Division and Assistant U.S. Attorney Jacob Licht for the District of Colorado.

The civil settlement includes the resolution of claims brought by a former Instec employee under the *qui tam* provisions of the False Claims Act. These provisions allow a private party, known as a relator, to file an action on behalf of the United States and receive a portion of any recovery. In this case, the relator will receive \$124,500 as part of the settlement. The case is captioned *United States ex rel Swanton v. Zou, et al*, No. 20-cv-01742 (D. Colo.).

The claims resolved by the settlement are allegations only and there has been no determination of liability.

Attachment(s):

[Download Settlement Agreement](#)

Topic(s):

False Claims Act

Component(s):

[Civil Division](#)

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