San Diego Communications Company Pays More Than $12 Million to Settle False Claim Act Allegations Regarding Eligibility for Small Business Innovation and Research Contracts

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NEWS RELEASE SUMMARY – March 12, 2018

SAN DIEGO – TrellisWare Technologies, Inc., a communications company located in San Diego, has agreed to pay $12,177,631.90 to settle civil False Claims Act allegations that it was ineligible for multiple Small Business Innovation and Research (SBIR) contracts it had entered into with government defense agencies. TrellisWare is a majority-owned subsidiary of ViaSat, Inc., a global broadband services and technology company also headquartered in San Diego.

The SBIR program is designed to stimulate technological innovation by funding small businesses to engage in federal research and development efforts. To be considered a small business for purposes of SBIR awards, a contractor must not be majority owned by another company. Between 2008 and 2015, TrellisWare was awarded multiple SBIR contracts to provide the Navy, Army and Air Force with a variety of technology services and products involving communications and signal processing systems, including wireless networks used in military tactical environments. TrellisWare self-certified that it met the small business size requirements for eligibility to receive SBIR funding. But based on certain disclosures that TrellisWare later made about its ownership relationship with ViaSat, the government conducted an investigation into TrellisWare’s eligibility for SBIR awards. The government contends that TrellisWare was not eligible for SBIR awards because it was actually a majority-owned subsidiary of ViaSat at the time it was awarded and performed on SBIR contracts.

“False certifications of eligibility for SBIR funding siphons taxpayer dollars from the program’s intended beneficiaries. We will continue to work with our agency partners to bring to account those that breach the public trust by submitting false claims,” said Adam L. Braverman, United States Attorney for the Southern District of California.

“Companies must exercise due diligence when self-certifying eligibility to gain access to programs set aside for small business or else face significant penalties,” said Kari Overson, Special Agent in Charge of the Small Business Administration, Office of the Inspector General’s Western Regional Office. “The SBIR program enables small businesses to explore their technological potential and provides qualified small businesses access to the nation’s research and development arena. I want to thank the U.S Attorney’s Office and our law enforcement partners for their dedication and hard work throughout this investigation.”

Chris Hendrickson, Special Agent in Charge of the Western Field Office, Defense Criminal Investigative Service, said: “DCIS is committed to working with its partners and the U.S. Attorney’s Office to aggressively investigate false claims by government contractors. These unethical practices stifle fair competition and erode the public’s trust in government.”
“The success of this case is a direct result of the joint efforts of the Naval Criminal Investigative Service, our Federal Law Enforcement Partners and the U.S. Attorney’s Office,” said Edward Denion, Assistant Special Agent in Charge of the NCIS Southwest Field Office. “Protecting our warfighters is one of the top priorities of NCIS, and this investigation is an example of how we do this. Anyone considering defrauding the Navy and taxpayers should know NCIS will aggressively pursue all such allegations.”

“This settlement stands as further confirmation of the great work our agents do every day,” said Frank Robey, Director of the U.S. Army Criminal Investigation Command's Major Procurement Fraud Unit. “The funds recovered can now be used for a proper purpose - supporting the men and women of our Armed Forces.”

This matter was investigated by Assistant U.S. Attorneys Joseph P. Price, Jr. and Joseph J. Purcell and auditing personnel of the Affirmative Civil Enforcement Unit of the U.S. Attorney’s Office, in coordination with Special Agents of the Defense Criminal Investigative Service; Naval Criminal Investigative Service; Army Criminal Investigation Command; Air Force Office of Special Investigations; and Small Business Administration, Office of the Inspector General.

**Agencies:**
Defense Criminal Investigative Service  
Naval Criminal Investigative Service  
US Army Criminal Investigation Command  
Air Force Office of Special Investigations  
Small Business Administration, Office of the Inspector General

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