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Department of Justice
Office of Public Affairs

Caddell Construction Co. Commits to Pay $2 Million Penalty in Agreement to Resolve Criminal Fraud Violations

WASHINGTON – Caddell Construction Company Inc., a major commercial and industrial federal government construction contractor based in Montgomery, Ala., has entered into an agreement with the Department of Justice to resolve criminal fraud violations arising from Caddell’s intentional overstating of developmental assistance provided to a disadvantaged small business as part of a Department of Defense (DoD) program. The agreement, including a $2 million penalty to be paid by Caddell, was announced today by Assistant Attorney General Lanny A. Breuer of the Justice Department’s Criminal Division.

According to the non-prosecution agreement (NPA) between the government and Caddell, in February 2003, Caddell entered into an agreement with Mountain Chief – which is certified as a Native American, woman-owned and economically-disadvantaged small business – to participate in the DoD’s Mentor-Protégé Program, in which major DoD contractors (mentor firms) contract with and provide developmental assistance to disadvantaged small businesses (protégé firms) and are reimbursed by the DoD for related costs.

Around the same time, Caddell began participating with Mountain Chief in DoD’s Indian Incentive Program, which provides incentives – in the form of a rebate of 5 percent of the total dollar amount of work – for major DoD contractors to engage Native-American-owned businesses as subcontractors and suppliers. Caddell and Mountain Chief participated in these programs in connection with two DoD construction contracts at Fort Bragg, N.C., each worth approximately $65 million and a DoD construction project at Fort Campbell, Ky., worth approximately $34 million.

According to the NPA, from February 2004 to March 2005, Caddell submitted more than 20 requests for payment to the DoD in connection with the Mentor-Protégé Program that significantly overstated the amount of developmental assistance Caddell had provided Mountain Chief. In addition, Caddell filed documents falsely stating Mountain Chief's size and income, as well as the status of Mountain Chief's technical capabilities and business infrastructure. From April 2003 to October 2004, Caddell also submitted at least eight requests to the DoD for the Indian Incentive Program, for rebates based on services purportedly performed on subcontracts Caddell gave to Mountain Chief. Mountain Chief performed few, if any of these services, and the invoices were created solely to support Caddell’s applications for payment.

As part of the NPA, Caddell will pay a $2 million criminal penalty, and must cooperate with the Department of Justice for the two-year term of the agreement. The agreement recognizes Caddell’s voluntary disclosure; thorough self-investigation of the underlying conduct; and full cooperation with the department and remedial measures already undertaken and to be undertaken, including employment actions and improving reporting systems, corporate governance, and compliance training and oversight. As a result of these factors, among others, the department agreed not to prosecute Caddell for the improper pay requests, provided Caddell satisfies its ongoing obligations under the agreement.

In January 2012, Daniel W. Chattin, 50, of Granite Bay, Calif., the son of Mountain Chief’s owner and a project manager and consultant for Mountain Chief, and Mark L. Hill, 57, of Montgomery, Ala., the Mentor-Protégé Program Coordinator and a director of business development at Caddell, were indicted in the Middle District of Alabama on three counts of major fraud against the United States stemming from the same scheme. In addition, Hill was charged with one count of making a false statement to the DoD. Chattin and Hill await trial, which is scheduled to begin on April 22, 2013. The charges and allegations against Chattin and Hill are merely accusations and they are considered innocent unless and until proven guilty.

This investigation is being conducted by the General Services Administration – Office of Inspector General, and the DoD’s Defense Criminal Investigative Service. This case is being handled by Assistant
Chief Albert B. Stieglitz Jr. and Trial Attorney Thomas B.W. Hall of the Criminal Division's Fraud Section.

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Criminal Division

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