

Procurement Fraud

2025 Year in Review

BASS
BERRY  **Go confidently.**
SIMS

Bass, Berry & Sims is pleased to present our Procurement Fraud Review, in which we examine significant civil and criminal enforcement developments affecting government contractors, grant recipients and participants in federal programs. This Review highlights key enforcement initiatives, notable case developments, and major settlements involving procurement, grant and loan fraud, all presented in a clear and practical format.

ISSUES TO WATCH

Several developments are expected to shape procurement fraud enforcement in the coming year, including:

- Increased scrutiny of cybersecurity compliance obligations in federal contracts and grants
- Continued enforcement actions involving defective pricing and cost mischarging in defense contracts
- Government investigations into misuse of pandemic relief and federal loan programs
- Expanding enforcement related to tariff evasion and customs fraud
- Greater coordination among agencies investigating fraud involving federal procurement and trade

NOTEWORTHY SETTLEMENTS

Settlements and judgments under the False Claims Act exceeded **\$6.8 billion** in fiscal year 2025, the highest total in the statute's history. Since Congress strengthened the FCA in 1986, total recoveries now exceed **\$85 billion**.

Although healthcare matters dominate False Claims Act enforcement, the Department of Justice (DOJ) continues to pursue significant fraud cases involving government procurement. In fiscal year 2025, defense-related settlements and judgments accounted for roughly **9%** of total FCA recoveries, or approximately **\$633 million**, reflecting the government's continued focus on fraud affecting Department of Defense contracts. Since Congress strengthened the False Claims Act in 1986, recoveries in cases involving the Department of Defense as the primary client agency have totaled more than **\$7.7 billion**.

The Department of Justice continued its pursuit of fraud matters involving the purchase of goods and services by the federal government, including fraud in military procurements, violations of cybersecurity requirements in federal contracts, and misconduct involving federal grants and pandemic relief programs.

Notably, none of the procurement-related settlements announced in calendar year 2025 approached the scale of several recent blockbuster procurement fraud cases. For example, in October 2024, **Raytheon Company** agreed to pay **\$428 million** to resolve allegations that it knowingly provided false cost and pricing data when negotiating defense contracts. It was one of the largest procurement fraud recoveries in the Department of Justice's history.

By comparison, the largest settlements announced in 2025 were significantly smaller, including a **\$62 million** settlement with **L3 Technologies Inc.** resolving allegations that the company failed to disclose accurate cost and pricing data when negotiating government contracts for communications equipment and a **\$54.4 million** settlement with **Ceratizit USA** to resolve allegations that it evaded customs duties by misrepresenting the country of origin of products imported into the United States.

Other notable settlements included:

- **\$29.74 million** paid by **Lockheed Martin Corporation** to resolve allegations involving defective pricing on contracts for F-35 military aircraft.
- **\$21 million** paid by **DynCorp International LLC** to resolve allegations that it submitted inflated subcontractor charges under a State Department contract.
- **\$15.9 million** paid by **Booz Allen Hamilton** to resolve allegations involving fraudulent claims submitted in connection with a General Services Administration task order for military training systems.
- **\$15.7 million** paid by **DRI Relays Inc.** to resolve allegations that it supplied parts that did not meet required military specifications.
- **\$14.75 million** paid by **Hill ASC Inc.** to resolve allegations that it falsely represented compliance with cybersecurity requirements in federal contracts.

Together, these and other settlements highlight the government's continued focus on enforcement actions involving defective pricing, cost mischarging, small-business contracting programs, cybersecurity compliance obligations, and fraud affecting federal funding and telecommunications programs.

The following pages include summaries of several notable settlements announced in 2025 involving procurement fraud, government contracting and federal program funding.

Date	Party	FCA Allegations	Amount
1/3/25	Johnny Buscema Jr. S.A.F.E. Structure Designs U.S.A. Manufacturing	Businessman and his two companies agreed to pay \$1 million to resolve allegations that they caused a prime vendor for the Defense Logistics Agency (DLA) to submit fraudulent contract bids to DLA that resulted in Department of Defense (DoD) customers being overcharged for goods and related services purchased under those contracts. ¹	\$1 million
1/3/25	Booz Allen Hamilton Holding Corporation	Defense contractor agreed to pay \$15.875 million to resolve allegations that one of their wholly owned subsidiaries submitted fraudulent claims to the United States in connection with a General Services Administration (GSA) task order to supply computer military training simulators and systems to Department of Defense (DoD) agencies, including the Air Force. ²	\$15.875 million
1/3/25	Live Wire, LLC	Design and manufacturing company agreed to pay over \$620,000 to resolve allegations that it sold substandard items to the United States Army. ³	\$628,328
1/7/25	R&K Enterprises Inc.	Information technology and professional services company agreed to pay more than \$2.6 million to resolve allegations that it misrepresented it's eligibility for certain small-business set-aside contracts, even though it did not meet the program rules to qualify as a small business. ⁴	\$2,627,331
1/13/25	Morcon Construction Company, Inc.	Construction company agreed to pay \$5.9 million dollars to resolve allegations that it: (1) failed to disclose the use of subcontractors to perform repairs and maintenance; (2) falsely certified work as self-performed rather than performed by subcontractors; and (3) falsified subcontractor invoices as part of its claims submissions. ⁵	\$5.9 million
1/15/25	Bollinger Shipyard LLC	Ship manufacturer agreed to pay \$1.025 million to resolve allegations that it billed the U.S. Coast Guard for labor provided by workers who were not eligible to work in the United States. ⁶	\$1.025 million
1/21/25	Neuro Stat Analytical Solutions, LLC	Clinical psychology company that contracted with the United States Air Force agreed to pay \$1.2 million to resolve allegations that it paid a federal employee for preferential treatment in relation to multiple federal contracts it was awarded. ⁷	\$1.2 million
1/29/25	GS Foods Group Inc.	Food distributor agreed to pay nearly \$950,000 to resolve allegations that it bid on government contracts for small businesses when they did not qualify. ⁸	\$949,696

1 <https://www.justice.gov/archives/opa/pr/government-contractor-agrees-pay-1m-resolve-false-claims-act-allegations-submitting>
2 <https://www.justice.gov/opa/pr/booz-allen-agrees-pay-15875m-settle-false-claims-act-allegations>
3 <https://www.justice.gov/usao-nj/pr/defense-contractor-agrees-pay-628000-settle-false-claims-act-allegations>
4 <https://www.justice.gov/usao-edva/pr/virginia-contractor-pay-over-26m-settle-allegations-falsely-obtaining-small-business>
5 <https://www.justice.gov/usao-mn/pr/minnesota-construction-company-agrees-pay-59m-resolve-false-claims-act-violations>
6 <https://www.justice.gov/archives/opa/pr/bollinger-shipyard-llc-agrees-pay-1025000-settle-false-claims-act-allegations-involving>
7 <https://www.justice.gov/usao-sdoh/pr/military-contractor-pay-12-million-united-states-settle-false-claims-act-allegations>
8 <https://www.justice.gov/opa/pr/california-food-distributor-settles-false-claims-act-liability-relating-self-disclosure>

Date	Party	FCA Allegations	Amount
2/6/25	Lockheed Martin Corporation	Defense contractor agreed to pay \$29.74 million to resolve allegations of defective pricing on contracts for F-35 military aircraft. The company previously paid \$11.3 million to the DOD for the same undisclosed cost and pricing data on similar contracts. ⁹	\$29.74 million
2/12/25	Maximus, Inc.	Call center contractor agreed to pay \$8 million to resolve allegations that it misled the United States Census Bureau regarding the quality of its call handling for the 2020 Census. ¹⁰	\$8 million
3/25/25	MORSECORP, Inc.	Defense contractor agreed to pay \$4.6 million to resolve allegations that it failed to comply with cybersecurity requirements in its contracts with the Departments of the Army and Air Force. ¹¹	\$4.6 million
3/26/25	Evolutions Flooring Inc. Mengya Lin Jin Qian	Importer and its owners agreed to pay \$8.1 million to resolve allegations that they evaded customs duties on imports of multilayered wood flooring from the People's Republic of China. ¹²	\$8.1 million
3/31/25	Thompson Construction Group Inc.	Construction company agreed to pay over \$191,000 to resolve allegations that it falsely certified that homes it had constructed were compliant with contract conditions and submitted the claims for payment from federal disaster recovery grant funds. ¹³	\$191,070
4/1/25	DRI Relays Inc.	Defense contractor agreed to pay \$15.7 million to resolve allegations that it supplied parts that did not meet military specifications. ¹⁴	\$15.7 million
4/2/25	Stephen McLeod d/b/a A&S Contracting	Individual agreed to pay \$750,000 to resolve allegations that he inflated costs and concealed the use of subcontractors on work conducted for the United States Postal Service. ¹⁵	\$750,000
4/3/25	Intelligent Waves, LLC	Government contractor and its owner agreed to pay \$1.95 million to resolve allegations that they: (1) sold certain equipment to the Air Force that was not authorized under the Crowd-Sourced Contract; (2) submitted invoices to the Air Force that portrayed the equipment as authorized; (3) invoiced the Air Force for products and/or labor that it did not deliver as stated in the invoices; and (4) made false statements which induced the award of a contract. ¹⁶	\$1.95 million
4/4/25	Anderson Brothers Construction Company of Brainerd LLC	Construction company agreed to pay over \$1.295 million to resolve allegations that it falsified test results to make its paving material appear to be higher quality than it actually was, and then submitted the results to the government in order to seek payment for road paving projects. ¹⁷	\$1,295,610

9 <https://www.justice.gov/opa/pr/lockheed-martin-corporation-agrees-settle-false-claims-act-allegations-defective-pricing>
10 <https://www.justice.gov/usao-ndia/pr/2020-census-contractor-agrees-pay-8000000-settle-fraud-allegations>
11 <https://www.justice.gov/usao-ma/pr/defense-contractor-morsecorp-inc-agrees-pay-46-million-settle-cybersecurity-fraud>
12 <https://www.justice.gov/usao-cdca/pr/bay-area-based-flooring-company-and-its-owners-pay-81-million-settle-false-claims>
13 <https://www.justice.gov/usao-sdvw/pr/south-carolina-construction-company-pay-191070-united-states-resolve-false-claims>
14 <https://www.justice.gov/opa/pr/dri-relays-inc-pay-157m-settle-false-claims-act-allegations-involving-sale-non-military>
15 <https://www.justice.gov/usao-edva/pr/contractor-agrees-pay-750000-settle-false-claims-act-allegations>
16 <https://www.justice.gov/usao-edva/pr/government-contractor-pay-195m-settle-false-claims-act-allegations>
17 <https://www.justice.gov/usao-mn/pr/asphalt-contractor-pay-nearly-13-million-settle-claims-it-falsified-quality-test-results>

Date	Party	FCA Allegations	Amount
4/7/25	General Dynamics Mission Systems, Inc.	Defense contractor agreed to pay \$600,000 to resolve allegations that an acquired company made false statements in proposals for Small Business Innovation Research (SBIR) contracts awarded by four federal agencies. ¹⁸	\$600,000
4/9/25	DynCorp International LLC	Government contractor agreed to pay \$21 million to resolve allegations that it submitted inflated subcontractor charges under a State Department contract. ¹⁹	\$21 million
4/14/25	Whitcraft LLC Berkshire Manufactured Products, Inc.	Two manufacturing companies agreed to pay over \$1.3 million to resolve allegations that they improperly obtained set-aside contracts reserved for small businesses, for which they were ineligible. ²⁰	\$1,317,653
4/15/25	Varidesk, LLC Vari Sales Corporation	Government contractor agreed to pay \$1.1 million to resolve allegations that it failed to provide the United States with matching price discounts that it provided other customers as required by its contract with the General Services Administration (GSA). ²¹	\$1.1 million
5/1/25	Raytheon Company RTX Corporation Nightwing Group LLC Nightwing Intelligence Solutions LLC	Defense contractor agreed to pay \$8.4 million to resolve allegations that it failed to comply with cybersecurity requirements in contracts or subcontracts involving the DoD. ²²	\$8.4 million
5/5/25	CoreLife Eatery, LLC	Restaurant operator agreed to pay over \$7.8 million to resolve allegations that it falsely certified its eligibility for a Restaurant Revitalization Fund (RRF) grant. ²³	\$7,809,373
5/5/25	Vimaan Robotics, Inc.	Technology company agreed to pay \$1.5 million to resolve allegations that it improperly accepted and drew funds from a grant award that it was ineligible to receive because it failed to disclose it had recently become majority-owned by one or more venture capital companies. ²⁴	\$1.5 million
5/13/25	Praetorian Shield Inc. Grady Baker Ranya Baker	Security services company and two employees agreed to pay \$221,000 to resolve allegations that they fraudulently obtained small business set-aside contracts and engaged in kickbacks. ²⁵	\$221,000
5/21/25	KeyW Corporation	National security solutions provider agreed to pay \$512,000 to resolve allegations that it made false representations or omitted material information regarding its production of a contracted product for the United States Air Force. ²⁶	\$512,000

18 <https://www.justice.gov/usao-edva/pr/government-contractor-resolves-false-claims-act-allegations-related-small-business>

19 <https://www.justice.gov/opa/pr/dyncorp-agrees-pay-21-million-resolve-false-claims-act-lawsuit-alleging-inflated-costs-state>

20 <https://www.justice.gov/usao-ct/pr/companies-pay-13-million-resolve-allegations-false-claims-act-violations-concerning>

21 <https://www.justice.gov/usao-ndca/pr/office-furniture-supplier-vari-agrees-pay-11-million-resolve-allegations-false-claims>

22 <https://www.justice.gov/opa/pr/raytheon-companies-and-nightwing-group-pay-84m-resolve-false-claims-act-allegations-relating>

23 <https://www.justice.gov/usao-ndny/pr/restaurant-chain-pay-78-million-misrepresenting-eligibility-pandemic-relief-funds>

24 <https://www.justice.gov/usao-ndca/pr/san-jose-ai-solutions-company-agrees-pay-15-million-resolve-allegations-it-improperly>

25 <https://www.justice.gov/opa/pr/praetorian-shield-and-two-individuals-agree-pay-221000-resolve-false-claims-act-allegations>

26 <https://www.justice.gov/usao-sdoh/pr/military-contractor-pays-united-states-more-half-million-dollars-settle-false-claims>

Date	Party	FCA Allegations	Amount
5/22/25	L3 Technologies Inc.	Defense contractor agreed to pay \$62 million to resolve FCA and Truth in Negotiations Act allegations that one of its divisions made false statements and submitted false claims by failing to disclose current, accurate, and complete cost or pricing data for communications equipment sold to various government agencies. ²⁷	\$62 million
6/11/25	Omniceil	Healthcare technology company agreed to pay over \$4.3 million to resolve allegations that it overbilled the Department of Veterans Affairs for medical device hardware and software. ²⁸	\$4,366,660
6/13/25	Otis Worldwide Corporation d/b/a Otis Elevator Company	Elevator services firm agreed to pay nearly \$617,000 to resolve allegations that it submitted invoices for preventive maintenance services to the Tennessee Valley Authority (TVA) that were not rendered. ²⁹	\$616,987
6/24/25	Washington River Protection Solutions, LLC	Federal contractor agreed to pay \$6.5 million to resolve allegations that it overcharged the U.S. Department of Energy for labor costs under a cost-plus-award-fee contract to manage the Hanford Site Tank Farms, which store hazardous and radioactive waste. ³⁰	\$6.5 million
7/7/25	Stantec Inc. Cardno Consulting LLC	Consulting provider, along with an acquired company, agreed to pay \$4 million to resolve allegations that they submitted or caused the submission of Brownfields Assessment Grant applications to the Environmental Protection Agency (EPA) that improperly certified compliance with federal procurement regulations. ³¹	\$4 million
7/7/25	MERCER (US), LLC	Consulting company agreed to pay more than \$450,000 to resolve allegations that it overbilled the Defense Health Agency for work performed by employees and subcontractors at rates higher than their educational backgrounds or experience levels permitted. ³²	\$456,797
7/8/25	Schaefer Systems International Ltd.	Warehouse logistics company agreed to pay \$876,000 to resolve allegations that it: (1) falsely certified its compliance with a procurement integrity provision; and (2) intended to pay a finder's fee to the person who informed it of the potential contracting opportunity and helped secure the contract with the Army and Air Force Exchange Service (AAFES). ³³	\$876,000

27 <https://www.justice.gov/opa/pr/l3-technologies-inc-agrees-pay-62000000-resolve-false-claims-act-allegations-arising>
28 <https://www.justice.gov/usao-edwa/pr/veterans-affairs-contractor-agrees-pay-43-million-resolve-claims-overbilling-products>
29 <https://www.justice.gov/usao-edtn/pr/otis-elevator-company-agrees-pay-more-600000-settle-false-claims-act-allegation>
30 <https://www.justice.gov/usao-edwa/pr/hanford-contractor-washington-river-protection-solutions-wrps-agrees-pay-65-million>
31 <https://www.justice.gov/opa/pr/stantec-inc-agrees-pay-4m-resolve-allegations-it-violated-false-claims-act-submitting-false>
32 <https://www.justice.gov/usao-ct/pr/consulting-company-pays-more-450k-settle-overbilling-allegations>
33 <https://www.justice.gov/opa/pr/hong-kong-based-company-agrees-pay-876000-resolve-alleged-false-claims-act-violations>

Date	Party	FCA Allegations	Amount
7/14/25	Hill ASC Inc. d/b/a Hill Associates	Information technology company agreed to pay at least \$14.75 million, plus additional amounts if specified financial contingencies occur, to resolve allegations that it: (1) billed federal agencies for labor of personnel who did not have the education or experience required under the contract; (2) submitted claims for such cybersecurity services, for which they had not passed the evaluation, and other services that were not within the contract scope; (3) charged for unapproved fees; (4) failed to provide government customers with required information about prompt payment or discounts; and (5) included unallowable enticement payments in a cost submission in connection with a new proposal. ³⁴	\$14.75 million
7/14/25	Berg Companies Inc.	Manufacturer agreed to pay \$3.3 million to resolve allegations that it submitted or caused the submission of false claims under prime vendor contracts with the Defense Logistics Agency (DLA), which is used by the DoD to purchase goods and services. ³⁵	\$3.3 million
7/23/25	Global Plastics LLC Marco Polo International LLC	Two subsidiaries of a plastic distributor agreed to pay over \$6.8 million to resolve allegations that they failed to pay customs duties on certain plastic resin imported from the People's Republic of China. ³⁶	\$6,896,094
7/24/25	Grosfillex Inc.	Patio furniture company agreed to pay nearly \$5 million to resolve allegations that it evaded antidumping and countervailing duties on items made of extruded aluminum originating from the People's Republic of China. ³⁷	\$4,936,732
7/31/25	Illumina Inc.	Biotechnology company agreed to pay \$9.8 million to resolve allegations that it sold genomic sequencing systems with cybersecurity weaknesses to government agencies. ³⁸	\$9.8 million
7/31/25	Aero Turbine Inc. Gallant Capital Partners LLC	Defense contractor and a private equity company agreed to pay \$1.75 million to resolve allegations that they failed to comply with cybersecurity requirements in a Department of the Air Force contract. ³⁹	\$1.75 million
8/18/25	eBibelot Melody Fallah-Khair	Technology startup and its CEO agreed to pay \$630,000 to resolve allegations that they falsely certified compliance related to a National Science Foundation (NSF) grant. ⁴⁰	\$630,000

34 <https://www.justice.gov/opa/pr/maryland-it-company-agrees-pay-1475m-resolve-alleged-false-claims>

35 <https://www.justice.gov/opa/pr/defense-contractor-berg-co-agrees-pay-33m-resolve-allegations-causing-fraudulent-bids>

36 <https://www.justice.gov/opa/pr/importers-agree-pay-68m-resolve-false-claims-act-liability-relating-voluntary-self>

37 <https://www.justice.gov/opa/pr/patio-furniture-company-grosfillex-inc-pay-49-million-resolve-allegations-it-evaded-duties>

38 <https://www.justice.gov/opa/pr/illumina-inc-pay-98m-resolve-false-claims-act-allegations-arising-cybersecurity>

39 <https://www.justice.gov/opa/pr/california-defense-contractor-and-private-equity-firm-agree-pay-175m-resolve-false-claims>

40 <https://www.justice.gov/usao-ndca/pr/south-bay-tech-startup-and-ceo-agree-pay-630000-resolve-allegations-they-improperly>

Date	Party	FCA Allegations	Amount
8/19/25	Allied Stone Inc. Jia "Jerry" Lim	Stone fabrication company and its president agreed to pay over \$12.4 million to resolve allegations that they improperly evaded or conspired to evade antidumping and countervailing duties owed on quartz surface products imported from the People's Republic of China. ⁴¹	\$12.405 million
9/2/25	Sanford Federal, Inc. Joseph Mandour	Government contractor and its owner agreed to pay \$3.1 million to resolve allegations that they: (1) misrepresented the identities of individuals purported to be employees; (2) used unknown persons and false credentials to better their bids; and (3) misrepresented the size of the company in order to obtain SBA set-aside contracts. ⁴²	\$3.1 million
9/30/25	Georgia Tech Research Corporation	Research corporation agreed to pay \$875,000 to resolve allegations that it failed to meet cybersecurity requirements related to certain Air Force and Defense Advanced Research Projects Agency (DARPA) contracts. ⁴³	\$875,000
11/14/25	Zephyr Aviation LLC Frederick Credno Jr. Frederick W. Credno III	Aviation contractor and its owners agreed to pay over \$3.9 million to resolve allegations that they submitted inflated invoices for aviation contracts to the Department of Homeland Security (DHS). ⁴⁴	\$3.901 million
12/5/25	Swiss Automation Inc.	Machining company agreed to pay over \$420,000 to resolve allegations that it failed to provide proper cybersecurity related to parts that the company supplied to DoD prime contractors. ⁴⁵	\$421,234
12/18/25	Ceratizit USA LLC	Metals distributor agreed to pay \$54.4 million to resolve allegations that it failed to pay duties owed on tungsten carbide products imported from the People's Republic of China. ⁴⁶	\$54.4 million
12/29/25	IAP Worldwide Services, Incorporated	Logistics management company agreed to pay over \$810,000 to resolve allegations that it submitted payment claims for non-conforming goods provided to the United States Navy. ⁴⁷	\$810,822

41 <https://www.justice.gov/opa/pr/allied-stone-inc-and-company-official-agree-pay-124m-settle-false-claims-act-allegations>

42 <https://www.justice.gov/usao-id/pr/government-contractor-agrees-pay-31-million-resolve-alleged-violations-false-claims-act>

43 <https://www.justice.gov/opa/pr/georgia-tech-research-corporation-agrees-pay-875000-resolve-civil-cyber-fraud-litigation>

44 <https://www.justice.gov/opa/pr/department-homeland-security-contractor-agrees-pay-39m-resolve-alleged-violations-false>

45 <https://www.justice.gov/opa/pr/illinois-precision-machining-company-agrees-pay-421234-resolve-alleged-false-claims-act>

46 <https://www.justice.gov/opa/pr/ceratizit-usa-llc-agrees-pay-544m-settle-false-claims-act-allegations-relating-evaded-0>

47 <https://www.justice.gov/usao-md/pr/defense-contractor-agrees-pay-more-800000-resolve-alleged-false-claims-act-violations>

About Bass, Berry & Sims

Our multi-disciplinary Procurement Fraud practice combines deep experience in government contracts, white collar defense, False Claims Act litigation, investigations, crisis management, compliance, and international trade. Many of our attorneys previously served in senior roles at the Department of Justice, state Attorneys General offices, and other government agencies, providing valuable insight into enforcement priorities, investigative strategies, and agency decision-making. We regularly counsel and defend clients in matters involving the False Claims Act, Anti-Kickback Act, Foreign Corrupt Practices Act, Trade Agreements Act, Buy American Act, suspension and debarment, mandatory disclosures, internal investigations, defective pricing, false certifications, bid-rigging, and other procurement fraud and compliance issues across highly regulated industries nationwide. To learn more, visit <https://www.bassberry.com/services/cgi/procurement-fraud>.



Government Contracts: Highly Regarded
(USA-Nationwide) (2025)



RICHARD ARNHOLT

Member | 202.827.2971 | rarnholt@bassberry.com



DENISE BARNES

Member | 202.827.7214 | denise.barnes@bassberry.com



SCOTT GALLISDORFER

Member | 615.742.7926 | scott.gallisdorfer@bassberry.com



TODD OVERMAN

Member | 202.827.2975 | toverman@bassberry.com



BASS
BERRY ◆ Go confidently.
SIMS