

Pavion Company to Pay \$1.75 Million to Resolve False Claims Act Allegations of Small Business Contracting Fraud

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For Immediate Release

U.S. Attorney's Office, Eastern District of Virginia

ALEXANDRIA, Va. –A company located in Chantilly has agreed to pay \$1.75 million to settle civil fraud allegations that it and its subsidiaries improperly obtained government contracts that were set-aside for small businesses.

The United States alleged that the Pavion Company (Pavion) ceased to qualify as a small business concern after its predecessor company was acquired in 2016 by the private equity firm Tower Arch Capital. The United States further alleged that, after its acquisition, Pavion, including two of its subsequently acquired subsidiaries, falsely certified themselves as qualified small businesses in the System for Award Management (SAM.gov). Following its acquisition by Tower Arch Capital, Pavion and its subsidiaries were awarded 117 set-aside small business contracts across twenty different federal agencies that they were ineligible to receive.

Pavion's management submitted a written contractor disclosure to the Department of Defense Office of Inspector General in August 2023. The disclosure explained that Pavion discovered its conduct during post-acquisition integration and consolidation activities and described the corrective actions that Pavion has taken to prevent future misrepresentations concerning its size. Pavion cooperated in full during the ensuing investigation. This settlement resolves federal civil claims under the False Claims Act.

The resolution obtained in this matter was the result of a coordinated effort between the U.S. Attorney's Office for the Eastern District of Virginia; Department of Defense, Office of Inspector General, Defense Criminal Investigative Service's Mid-Atlantic Field Office; the General Services Administration, Office of Inspector General; the U.S. Air Force Office of Special Investigations; the Department of Health and Human Services, Office of Inspector General; U.S. Army Criminal Investigation Division, Major Procurement Fraud Field Office; Naval Criminal Investigative Service Economic Crimes Field Office; the Department of Justice, Office of Inspector General; the Department of the Interior, Office of Inspector

General; the Department of the Treasury, Inspector General for Tax Administration; the Department of Veterans Affairs, Office of Inspector General; the Department of Commerce, Office of Inspector General; the Department of Energy, Office of Inspector General; the Coast Guard Investigative Service; the Department of Transportation, Office of Inspector General; the Federal Housing Finance Agency; the Department of State, Office of Inspector General; the National Transportation Safety Board; the Occupational Safety and Health Review Commission; and the Department of Homeland Security, Office of Inspector General, Major Frauds and Corruption Unit.

This matter was investigated by Assistant U.S. Attorney Tanya Kapoor.

The civil claims settled by this False Claims Act agreement are allegations only; there has been no determination of civil liability.

A copy of this press release may be found on the website of the [U.S. Attorney's Office for the Eastern District of Virginia](#).