Memphis, TN – Memphis Goodwill Industries, Inc. will pay $150,000 to the United States to resolve allegations that it submitted claims that falsely certified compliance with regulations involving contracts it had entered into for services rendered to the Internal Revenue Service, the Department of Veterans Affairs and the General Services Administration pursuant to the AbilityOne Program.

To qualify for contracts administered by the AbilityOne Commission, Goodwill was required by federal regulation to employ disabled individuals for 75% of its direct labor hours. To maintain compliance, Goodwill was required to submit annual certifications certifying such compliance. The allegations were that Goodwill certified to the federal government that its direct labor hour’s figures were true and accurate when in fact the direct labor hours actually worked by disabled individuals were much lower.

The False Claims Act, 31 U.S.C. §§ 3729-3733, provides the United States with a cause of action against any person or entity that knowingly presents, or causes to be presented, a false or fraudulent claim for payment or approval.

"Protection of the United States Treasury against fraud, waste, and abuse is a top priority of this office and the Department of Justice. False claims that defraud federal government agencies compromise and harm their respective abilities to employ disabled individuals in our communities, and must be exposed. We are pleased to recover these funds for the fraud perpetrated against the United States, and hope that this settlement amount will send a significant deterrent message to other dishonest contractors," said D. Michael Dunavant, United States Attorney.

"Organizations that contract with the federal government under the AbilityOne program are expected to fulfill the promises they make to the taxpayer and the disabled individuals the program is intended to employ." said Carol F. Ochoa, Inspector General for GSA.

"Fraud on the AbilityOne program harms inclusion of workers in the program as well as law-abiding AbilityOne contractors," said Thomas Lehrich, Inspector General of the U.S. AbilityOne Commission. "We are committed to preserving the integrity of the AbilityOne program. Working with DOJ and our partners, the
Memphis Goodwill Industries, Inc. will pay $150,000 to the United States for claims that were in violation of the Federal False Claims Act.

Office of Inspector General will continue to protect the confidence and public trust in the largest employment program in the nation of blind and significantly disabled workers.

Michael J. Missal, Inspector General for the U.S. Department of Veterans Affairs, stated, “This settlement sends a clear message to individuals and businesses that we will work with our law enforcement partners to vigorously investigate and expose false claims that compromise the integrity of programs designed to benefit veterans and their families.”

This investigation was conducted by the Office of the Inspector General for the United States AbilityOne Commission, the Office of Inspector General for the General Services Administration, the Office of the Inspector General of the United States Department of Veterans Affairs, the Treasury Inspector General for Tax Administration and the United States Attorney’s Office for the Western District of Tennessee.

Assistant United States Attorneys Stuart J. Canale, Western District of Tennessee, and Trial Attorney Jennifer Chorpening, United States Department of Justice Civil Division, prosecuted this case on behalf of the government.

Component(s):
USAO - Tennessee, Western

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