

Summary: Government Contractor Sentenced to 57 Months in Prison for \$3.7 Million Procurement Fraud Scheme

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The OIG investigated a procurement fraud scheme by Federal contractor Chester L. Neal, Jr., who created numerous companies to win Government contracts, subcontracted the work out to local vendors, and then failed to pay his subcontractors. Neal allegedly misrepresented himself as a Government official to subcontractors and mailed documents to further his scheme.

We substantiated that from July 2008 to December 2017, Neal used aliases to create several companies to bid on and win over 105 Government contracts from the U.S. Department of the Interior and other Federal agencies. We found that Neal defrauded 48 subcontractors across the United States of over \$3.7 million and made several misrepresentations in order to induce the victim vendors to perform the contractually required work.

We also substantiated that Neal sent fictitious trade references and credit applications to lull them into performing work or providing lines of credit to perform on the various Government contracts.

Neal confessed to perpetrating the scheme to defraud subcontractors and mailing documents to his subcontractors to further the scheme.

The U.S. Attorney's Office for the Eastern District of California prosecuted this case. On August 19, 2019, Neal pled guilty to one count of mail fraud. He was sentenced to 57 months in prison and 36 months of supervised probation upon release and ordered to pay \$3,734, 927.50 in restitution. In addition, Neal was debarred from participating in Federal procurement and nonprocurement programs until 2031, and 11 companies affiliated with him were debarred from participating in Federal procurement and nonprocurement programs until various dates.

This is a summary of an investigative report that we provided to the Office of Acquisition and Property Management.

