

Contractors Convicted Of Defrauding SOCOM And The Small Business Administration

FOR IMMEDIATE RELEASE

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Tampa, FL - U.S. Attorney Robert E. O'Neill announces that a federal jury today found Eduardo Blanchet (60, Orlando) and Daniel Guillan (56, Orlando) guilty of conspiracy to defraud the United States and to commit wire fraud. The jury also determined that more than \$9,401,290 that Blanchet and Guillan obtained as proceeds of their fraud should be forfeited to the United States. They each face a maximum penalty of twenty years in federal prison. Their sentencing hearings are scheduled for a later date. Blanchet and Guillan were indicted on June 21, 2011.

According to the evidence presented at trial, Blanchet formed B.I.B. Consultants, an Orlando-based business, in 1996. In 2002, SOCOM, at Tampa's MacDill Air Force Base, awarded B.I.B. Consultants a five-year, \$50 million small business set-aside contract to teach foreign languages to the military's special forces. Guillan was Blanchet's right-hand man at B.I.B. Consultants and ran the day-to-day operations of the contract. As a result of the award, B.I.B. Consultants grew into a large business, and neither B.I.B. Consultants nor any of its affiliated companies were eligible to bid on any subsequent small business contracts with the military.

Knowing this, Blanchet and Guillan formed another entity, MiLanguages Corporation, and recruited a sham owner to appear as the owner of MiLanguages on legal documents. At Blanchet and Guillan's direction, MiLanguages fraudulently bid on and was subsequently awarded a five-year, \$100 million small-business set aside contract in 2007 to teach foreign languages to the military. After receiving a size protest that MiLanguages was not a small business as the company alleged, SOCOM adopted the protest and requested a formal size determination from the Small Business Administration.

The evidence at trial showed that during the size protest before the Small Business Administration, Blanchet and Guillan repeatedly lied, submitted material misrepresentations, and omitted critical facts about their true ownership and control over B.I.B. Consultants and MiLanguages. As a result, MiLanguages was ultimately awarded the \$100 million SOCOM contract.

However, a subsequent federal investigation revealed the sham ownership structure of MiLanguages and that Blanchet and Guillan always maintained true ownership and control over the company. In addition, the evidence showed that Blanchet and Guillan personally profited more than \$12 million in proceeds from the SOCOM contract, while the alleged owner of MiLanguages was paid a total \$63,000 over a three-year period.

"Federal contracts should never be awarded to persons who lie in order to claim eligibility for contracts intended for small businesses," said Inspector General Peggy E. Gustafson. "This case should put anyone contemplating willful misrepresentation of their business size on notice that the SBA OIG and its partner law enforcement agencies will aggressively pursue and prosecute people attempting to defraud federal small business contracting programs."

This case was investigated by the Defense Criminal Investigative Service and the Small Business Administration - Office of Inspector General. It is being prosecuted by Assistant United States Attorneys Josephine W. Thomas and Robert A. Mosakowski.