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Official Testimony

To: Members of the U.S. Regulatory Fairness Board
(*Jacksonville, FL March 23, 2006 Public Hearing*)

From: Raul Espinosa, CEO and President

Re: Requests for regulatory changes; for enforcement of existing regulations; for IG and GAO investigations and for feedback from Agencies and officials on numerous recommendations to prevent abuses and protect small businesses access to set-aside contracts

Pages: 1 of 11

Honorable Members of the Fairness Board, distinguished visitors, members of the Press, honored guests. My name is Raul Espinosa. I am a proud Cuban American business owner and a seasoned small business advocate. I consider myself experienced with the issues I will be dealing with in this public testimony. I have served in the government as a staff member of three former US Presidents. Currently I am in the private sector serving as the CEO and President for the **FitNet Purchasing Alliance**, (FitNet) a minority owned small and emerging government purchasing group, based in Saint Augustine Florida.

My company markets, counsels and represents the interest of several hundred companies which manufacture products and/or offer services to the government, the military and to schools and universities throughout the country. I am here today not only representing my company's interests and the interests of the companies I deals with, but the interests of the **Fairness in Set-Aside Procurement Coalition** (FSAPC)

This coalition is comprised of 14 national non-profit small business advocacy groups which, represent in excess of 50,000 small business owners throughout the country. The coalition supported my recent and successful *Office of Hearing and Appeals* (OHA) size standards challenge against the *U.S. Air Force* and against a large company which had used an alleged 'front' to take away set-aside contracts away not only from *FitNet*, but from other small businesses. My case, inspired an investigative report by Jim Wyss which appeared on the December 30th, (2005) [Miami Herald](#) and a major feature on the February issue of [Dollars and Cents](#) by Christopher Moraff. Copies of both of these articles are available as part of my testimony and as links in the 'Reference' section. Additionally, details of my personal crusade to seek justice through the current government protest system and against the U.S. Air Force for both documented contracting abuses and for alleged 'fraud' involving set-aside contracts are described also on a story accessible also through a link in the 'Reference' section of this document .

The government set-aside program was created by Congress through The Small Business Act, and earmarks 23% of all of the government contracts - what amounts to approximately \$75+ billion, annually, for the country's economic lifeblood: the small businesses. In Florida, this group comprises 90% of all the businesses in the State. The chart which I've provided, was featured in the Miami Herald's story. It illustrates that in 2005, more than half of the businesses that received, the majority of the set-aside awards in the State did not actually qualified as small businesses and a number of them were not even Florida ventures! What's even more appalling, is the fact that the contracting agencies making those awards qualified them as Florida small businesses when in fact they were not! The issue is so huge that the SBA Inspector General, on its *2005 Report (to Congress) on Government Contracting*, said that the problem is "*the Most Serious Management Challenge Facing the SBA in Fiscal Year (FY) 2006.*"

I have spent in excess of \$50,000 of my own money in this legal action because I could no longer endure the flagrant contracting abuse that I had faced in Air Force solicitations. In addition, the unnecessary barriers I had encountered through the protest system let me to believe that something drastic had to be done. **My goal was to compellingly demonstrate 1. how unfair and unethical the government's own contracting regulations are and 2. how abusive and discriminatory the US. Air Force contracting practices have been.** By the way, I am not alone in acknowledging these problems. When President Bush announced his small business agenda, he committed his Administration to making major changes to policies that, for decades, had been abusive towards small businesses. The Administration's plan, was:

- *To give Small Business Owners a Voice in the Complex and Confusing Federal Regulatory Process.*
- *To ensure that government contracts are open to all small businesses.*
- *To streamline the appeals process for small businesses that contract with the federal government*

To illustrate the problem, let me just say that although I ended up winning the legal battle both at the *Office of Hearings and Appeal* and at the *SBA Government Contracting Office*, regrettably, I could not claim any benefits from my hollow victory. The reasons for this were quite simple:

1. *Small businesses do not have the required resources to fight abusive contracting practices and the government lawyers know it;*
2. *Size protests do not work the way they were intended and the government lawyers know it, and*
3. *Small businesses are usually intimidated to speak up about the abuse for fear of reprisals and, the government lawyers know it.*

In government protests, like on my own case, one might win the protest, but by the time you try to collect, the contract has already been fulfilled and there are no reasonable options to pursue for seeking justice.

To help make my point about the *Air Force*, I prepared a document titled, ***Contracting ABUSE by the U.S. Air Force*** which I've made part of my official testimony. It is accessible through the link on the Reference section. This report documents abusive behavior and actions in more than fifteen cases, an endemic conduct which cannot be tolerated.

Just last week, I was forced to bring up another GAO protest (No. B-297979) contesting both the failure and the unethical attitude of Malmstrom AFB in attempting to avoid honoring a written agreement which dates back to 2003. The proceedings will demonstrate how the Air Force unethically uses its attorneys and its vast legal resources to bully their wishes upon small and disadvantaged businesses which have the courage to speak out. I have lost in excess of \$3 Million in Air Force contracts due to this type of abusive behavior and I trust this Board will make sure my pleadings are not only heard, but dealt with by the appropriate authorities.

What follows are valuable recommendations directed at putting pressure on a flawed system to accomplish objectives very much in synch with the Administration's commitments:

Recommendation #1. *Get both Senator Martinez and Cong. Mica to consider requesting both the Government Accountability Office (GAO) and the Air Force Inspector General (IG) to initiate investigations into the Air Force contracting practices and the actions by Malmstrom AFB.*

The resulting reports would be made available to the Secretary of the Air Force, both Small Business Congressional Committees and the Office of Advocacy. The Secretary of the Air Force must address the steps the Air Force intends to take to cure the past alleged injustices described in my report and indicate how the Air Force intends to proceed forward to make sure these type of abuses no longer take place.

Recommendation # 2. *Get the Office of Federal Procurement Policy (OFPP) to consider retracting the suspension of the price evaluation adjustment for DOD for small and disadvantaged businesses to force DOD into addressing the problems.*

The suspension is prescribed in FAR subpart 19.11 and DFARS subpart 219.11. The goal of this retraction is to make sure the issues raised in this testimony are dealt with to the satisfaction of Congress, the Advocacy Office and the small business community.

Recommendation # 3. *Get the SBA Office of Government Contracting to overhaul the entire Government Contracting Protest System.*

The problem is not simply that the protests don't work, but the fact that the department is understaffed, overburdened with cases and as a result, everyone is focusing on the procedures rather than on representing the best interests of the small businesses. Simply put, the staff has been accepting – without questioning – justifications from alleged violators and closing out the cases prematurely.

There is currently a suit, before the District Court in Northern California (Case No. CO5-0489), calling for the SBA to release documents detailing all of the contracting protests filed, but dismissed, against large firms falsely claiming to be small businesses.

The suit is expected to provide conclusive evidence of the injustice which has been going on for more than a decade.

Recommendation # 4. *Get SBA Government Contracting Office to incorporate the **CARB** initiative into its own protest system to give small businesses a fair settlement avenue when their rights have been abused.*

CARB stands for *Contracting Abuse Resolution Board*. It is a small business initiative inspired by the agreement I negotiated with Malmstrom AFB to settle a contracting abuse dispute mentioned earlier. Malmstrom AFB did not honor its agreement and it is now attempting to disavow both its responsibility and its liability. **CARB** is an out-of-the-box solution and it has received support from many advocacy groups, a former Director of the Office of Federal Procurement Policy (OFPP) and several Congressional staff members. **CARB** must be considered as a potential replacement to government protests and/or as a way to strengthen not only size protests, but any contracting disputes involving set-aside solicitations.

CARB would adopt fair DR techniques to bring fairness to set-aside disputes. On the one hand, it would reward small business contractors victimized through mistakes and/or errors, with future contracts for bona-fide government requirements using an existing government-contracting vehicle such as an 8(a). Additionally, **CARB** would eliminate legal fees, create fair and just settlements, save millions of taxpayer dollars and scare away large businesses which, in the past, have been, purposely, and I repeat, purposely, violating these regulations because there's NO enforcement.

CARB would do two very important things currently missing from the existing regulations:

- a) It would ban violators from competing for government contracts for a minimum of 3 years, and
- b) It would make end-users liable for disciplinary action if their decisions are based on personal choices or unethical preferences.

We are assuming, of course, that in these cases there were more reasonable priced alternatives available to the government which the end user was unwilling to consider and that the resulting award was challenged.

Recommendation # 5. *Get the Office of Federal Procurement Policy to recommend new ethical standards – based on the debarment of violators – to prevent fraud in the government set-aside program.*

The debarment is a penalty listed on the Small Business Act [15 USC 645(d)(2)(c)] but missing from the Federal Acquisition Regulations (FAR) and from the Defense Federal Acquisition Regulations (DFAR),

Recommendation # 6. *Get the Office of Advocacy to review - with the goal of strengthening - all the references to small and socio-economic businesses on both the FAR and DFAR.*

The access to government set-aside solicitations must be strengthened and protected so that overzealous contracting officials/end users, on the one hand, or unethical 'Large' Businesses on the other would not be able to conveniently abuse the system.

I recommend that the Office of Advocacy consider funding a study for such a review, which might be performed by a suitable public interest law firm knowledgeable with federal contracting issues and committed to the protection of the rights of small businesses.

Recommendation # 7. *Get the SBA Government Contracting Office to strengthen its own CCR database by weeding out unethically 'self-certified small businesses who purposely fail to include their independent contractors, sales force, consultants and affiliates in their current count of employees and, in addition, hide their gross sales – often in the \$20 + million – solely to qualify for set-aside contracts.*

Thousands of Large companies continue to victimize legitimate small businesses in Florida, and in the rest of the country as reported by the Miami Herald and by Dollars and Cents. This effort could be accomplished by incorporating questions on the CCR which would automate an in-house small business size standards determination based on the database responses. This new information would also assist contracting officials doing due diligence research identifying 'questionable self-certified companies.' The proposed questions would deal with gross sales, size of sales force, number of independent contractors/consultants and the company's affiliations. I am listing an example of the type of questions recommended that be considered:

Gross Sales:

Under \$1 M Under \$5 M Under \$15 **Under \$30M** **Over \$30M**

Size of Your Sales Force:

Under 20 Under 40 Under 100 **Under 200** **Over 200**

Independent contractors/Consultants:

Under 20 Under 40 **Under 80** **Over 80**

Is your company affiliated with and/or have any consultants or employees who are related to any admitted Large Business (including an employee of said Large Business

Yes No

*Companies checking the last two entries of each highlighted questions and/or admitting **Yes** on the affiliation question would automatically cause an internal review and possibly put on notice through a 'warning letter' advising them of new and enforceable automatic 'debarring procedures' if a 'large business' is caught bidding on set-aside contracts.*

Recommendation # 8. *Get the SBA Office of Government Contracting to incorporate dispute resolution elements, penalties and their enforcement into its proposed 'size standards' revision.*

If these elements are not incorporated, the whole revision effort will be worthless and a waste of taxpayer dollars. It will be like attempting to fix a tire on a car whose other three tires are bold and ready to burst.”

Recommendation # 9. *Get the SBA to cease making monetary and/or jail threats on its documentation for size standard violations since the agency has no enforcement powers.*

Instead, have the SBA Inspector General seek the intervention of both government regulators and – if necessary - Congress, for ways to 1. put teeth in the regulations and 2. force the Department of Justice to represent the People and to enforce the regulations that protect them.

The Department of Justice has been - by the IG's own admission - unwilling to follow through on enforcing the penalties claiming that *'the government does not get damage through such actions.'*

Unless a satisfactory remedy is found to cure the lack of enforcement of the existing penalties referred to on the current regulations, the advocacy community is prepared to take steps, on its own, to compel the Department of Justice (DOJ) to represent and protect the rights of small business groups.

Recommendation # 10. *Get the Office of Advocacy to publish the names of companies a) whose self-certification has been successfully challenged and b) which have received set-aside contracts in spite of the fact that they were not 'small business' by government standards as reported in the Miami Herald article .*

Recommendation # 11. *Get the Office of Advocacy to lobby Congress for new legislation which would make the current references to punishment for the violations of the Small Business Act enforceable.*

*"Any person or entity that intentionally misrepresents the status of any concern or person as a "small business concern"... in order to obtain for him/ herself or another any of the contracting opportunities... will be subject to the penalties set forth... **Any person who violates shall be punished by a fine of not more than \$500,000 or by imprisonment for not more than 10 years, or both.**"*

-Small Business Act: Section 16D

Abuse of the set-aside program takes place not solely from 'persons or entities', which unethically misrepresent their small business status, but also from overzealous government employees commonly referred to as 'end users' who also unethically justify award based on personal agendas.

Incorporating the **CARB** initiative and its principles, into the 'protest system' would prevent, for example, my experience with the protest I won at both OHA and the SBA along with the experience I'm currently enduring involving Malmstrom AFB which I had to take to the General Accountability Office (GAO.)

Government employees **MUST** be held accountable for ethical violations in government contracting and the Agencies who employ them must either take disciplinary action or lose funding for future contracts.

Congress must consider – in cases of 'alleged misrepresentation of small business status,' (another word for 'F R A U D,') imposing fines payable, not to the government, but to any legitimate small business, next in line to receive a disputed set-aside award if such an award has already been fulfilled. Furthermore, such penalties, furthermore, should be at least 20 % of the total award or, if unsuccessfully challenged, at least an amount equal to the entire award. Violating companies shall not be permitted to resume government contracting until they have satisfactorily produced proof that the victimized legitimate small business in the case has been fully satisfied.

Recommendation #12. *The OMB Acquisition Advisory Panel shall also consider strengthening FAR Part 19 while lowering the preferred status of GSA Contract holders (FAR Part 8) to both open competition and level the playing field in ALL government solicitations.*

Both the FAR and DFAR fail to make a clear distinction between the two and, as a result, even all set-asides solicitations are now been at risk of been abused by limited competition. Some agencies, for example, are both ignoring and/or intentionally circumventing the FAR 19 requirements – and getting away - by limiting the competition, for example, only among 'GSA Schedule Holders.'

Recommendation # 13. *Get the OMB Acquisition Advisory Panel to also consider recommending that ALL existing GSA contracts permit small businesses to purchase commodities from manufacturers on the GSA schedule (for resale to the government) at prices below the GSA schedule without causing a violation of the GSA contracts.*

Manufacturers on the Federal Schedule currently cannot legally market their commodities through small businesses which resale these commodities to the government - at below GSA pricing. This requirement promotes discrimination against small businesses enterprises; encourages violations such as the one I experienced in the case I successfully challenged at OHA; discourages contracting officials from using 'set-asides' and forces the government to pay more for the commodities they are purchasing. These are legitimate problems that the small business contracting community is and has been facing for decades.

Recommendation # 14. *Get the Office of Advocacy to take a more active role, coordinating and reporting to both our advocacy community and to Congress the recommendations herewith offered including the incorporation of the **CARB** initiative and its principles.*

I recommend to the Office of Advocacy to consider working more closely with the government's *Offices of Small and Disadvantage Business Utilization (OSDBU)* and with all the *SBA Procurement Center Representatives (PCRs)* to facilitate any and all implementations of changes resulting from the recommendations I am making here today. These departments and individuals work 'in the trenches' dealing with the actual issues and their feedback and their actions can have a positive impact on the implementation of any changes.

Recommendation # 15. *Get the Office of Advocacy to lobby the U.S. Chamber of Commerce (and other similar groups) and through them, all of their respective state groups and chambers, including our own Florida Chamber for the inclusion of 'ethical standards' in contracting.*

These organizations represent the interests of most businesses, some of whom are unethically, accepting set-aside contracts which they are not entitled to. The private sector, in short, must take responsibility for being part of the solution to stop the current abuses described in this testimony. They can do so by a) denying membership rights and/or representation to any business, which violates contracting regulations and b) incorporating language into their own membership by-laws, forcing members to abide by a new code of ethics, which would prohibit unethical competition in government contracting.

Recommendation #16. *Get the Advocacy Office to lobby and support efforts to implement the Free Universal Access (FUA) initiative on public solicitations.*

FUA is a small business initiative aimed at preventing unscrupulous private IT firms from charging fees to small businesses to access federal, state, municipal and local government solicitations. The Federal government must support efforts to make sure that ALL tax-based solicitations can be accessed FREE of charge.

The small business community would prefer for the government agencies using IT firms to levy upon the winning vendor a small percentage fee, normally 1 - 2% of the award to cover the cost of using the new technologies.

To demonstrate the impact of these costs, just realize that if a small business were to sign up and register, under the current 'pay-for-access' arrangements, to gain access to public solicitations in all 50 states, it would cost them, in excess of \$20,000 a year.

Recommendation # 17. *Get the OMB Acquisition Advisory Panel to recommend adding 'foreign purchases' to the list of commodities subject to the 'set-aside restrictions.'*

Currently these purchases are not allowed to be set-aside because of the false assumption that foreign countries' regulations would prevent such transactions. This assumption affects our community and limits competition. As long as the referred purchase is made for a US made commodity and/or its delivery is to be made in the US, the FAR 19 requirements shall take preference. This change would permit and encourage these purchases to be made from small businesses.

Recommendation # 18. *Get the Advocacy Office to fund a study, which would consider transferring, to private industry, governmental programs and services directed toward small businesses which contract with the government. Combining these with other valuable services currently been offered by private industry, would permit these services to become self-supporting at a great saving to taxpayers.*

Let's face it, – when it comes to running an enterprise motivated by profit – private industry can cut through bureaucratic and political considerations. With aggressive government oversight and support, private industry could administer the process and deliver these services faster, less expensively and more efficiently.

I have authored a small business initiative referred to as the *Small Business Set-Aside Alliance* (SBSSA) designed to offer small businesses that contract with the federal government.. Our objective is simple, streamline the process and add fairness and accountability to the Set-Aside program.

In summary, the saving in tax-paying dollars are considerable. I trust that the Office of Advocacy would consider engaging this small business advocate and entrepreneur in discussing the 'possibilities.'

And finally, I respectfully request – on behalf of the *Fairness in Set-Aside Procurement Coalition* – both acknowledgement and feedback on all of the recommendations I've made today.

I am herewith appealing to my representatives in Congress, to the *Office of Federal Procurement Policy; the OMB's Acquisition Advisory Panel; the Office of Advocacy; the SBA Administrator and both Small Business Congressional Committees* to comment on the recommendations addressed in my testimony so we can all begin a dialogue for change of the status-quo. In the words of Winston Churchill, "*There is nothing wrong with change if it is in the right direction.*"

Our community deserves feedback on these recommendations to confirm:

1. **The level of commitment that currently exists to protect and safeguard small businesses rights;**
2. **The level of interest to take action against the documented abuse that has existed for decades.**

I have faith that this regulatory, media and legislative dialogue I am seeking to create will help bring about the required changes. Let me leave you with one of my favorite phrases, by Ralph Waldo Emerson, who once said, *“What I need is someone who will make me do what I can.”*

Honorable Members of the Regulatory Fairness Board, distinguished visitors, members of the Press, honored guests, on behalf of my company and its alliance partners and on behalf of the members of the *Fairness in Set-Aside Procurement Coalition*, I thank you for giving me this opportunity to make a difference!

NOTE:

Any and all references in this testimony which cites ‘small businesses’ shall be taken to also include minorities, women, veterans and socio-economic groups protected by the Small Business Act.

REFERENCES

Press release about Espinosa’s victory at OHA <http://www.prweb.com/releases/2005/10/prweb302024.htm>
Procurement Coalition List <http://ww1.prweb.com/prfiles/2005/10/24/302024/AFPROCUREMENTCOALITION.PDF>
Dollars and Cents article <http://www.dollarsandsense.org/archives/2006/0106moraff.html>
Contracting abuse by the Air Force Report <http://ww1.prweb.com/prfiles/2005/10/24/302024/AFContractingAbuseReport.pdf>
CARB Initiative <http://ww1.prweb.com/prfiles/2006/01/03/328640/CARBInitiative.pdf>
Quotes by prominent small business advocates <http://ww1.prweb.com/prfiles/2005/10/24/302024/QuotesbyAdvocates.pdf>
Eagle Eye Report on government contracting abuse (<http://www.sba.gov/advo/press/04-41.html>)
SBA Inspector General (IG) reports on government contracting abuses (<http://www.sba.gov/ig/audits.html#med>)
Center for Public Integrity’s report on gov’t. contracting abuse (<http://www.publicintegrity.org/pns/report.aspx?aid=387>,)
Article on Debarment as a deterrent http://www.ncmahq.org/publications/cm/docs/CM_June05p30.pdf

Florida's Top 20 Small Business Contractors

COMPANY	CONTRACTS IN MILLIONS	REVENUE	EMPLOYEES	SMALL BUSINESS UNIT FOR INDUSTRY**	HEADQUARTERS	INDUSTRY
Port Blast Body Armor - Fortisano Beach (owned by CRH Industries)	\$2,28.97	\$340 million	950	500 employees	Westbury, NY	Apparel manufacturing (Protective body armor)
Safety Equipment Co. - Tampa (owned by Finger Scientific)	\$120.78	\$4.7 billion	13,500	1,000 employees	Harrison, NH	Steel parts manufacturing
Chugan, Meena Corp.*	\$103.72	\$700 million	5,000	\$10 million	Anchorage, Alaska	Facility support
TEBON CORP.	\$87.77	\$87.4 million	890	1,000 employees	Fort Walton Beach	Computer manufacturing
Arconrad RV Sales	\$82.83	\$2 million	5	\$11 million	Marana	RV sales
Knight's Amusement Co.	\$44.46	\$9 million	159	1,000 employees	Tusculum	Small arms manufacturing
Coastcast Technology Corp.	\$44.31	\$4.58 million	72	500 / 1,000 ems / \$4 mln	Orlando	Engineering, mechanical manufacturing
Jardon & Howard Technologies	\$39.40	\$24 million	638	\$21mln / \$6 mln / \$4 mln	Orlando	Data processing, engineering
Raymaria Automotive Corp.**	\$37.64	\$4.5 million	100	1,000 employees	Carthage, TN	Aircraft part manufacturing
National Home Management Solutions LLC*	\$37.27	\$1.3 million	50	\$6 million	Maine	Leases of residences and dwellings
Support Systems Associates*	\$35.80	\$35 million	325	\$4 million / 750 employees	Mercurie	Engineering, logistics
The Proactive Group *	\$34.33	\$35 million	200	500 employees	Hibishah	Textile manufacturing
ECC International Corp - Orlando (owned by CUBIC)	\$34.31	\$722 million	5,700	\$6 million / 500 employees	San Diego, Calif.	Engineering, technical services
Avitek Corp.	\$31.57	\$94.4 million	920	500 employees	Alexandria, Va.	R&D in physical engineering
Applied Research Associates*	\$30.49	\$127 million	995	500 employees	Albuquerque, N.M.	R&D in physical engineering
Jackson Perez Public Affairs	\$27.99	\$5 million	51	\$6 million	Alafaya, Fla.	Public relations
Trans Tech Services (owned by World Fuel Services)	\$26.93	\$5.55 billion	600	100 employees	Maine	Petroleum wholesalers
JDS Industries*	\$26.58	\$12 million	25	1,500 employees	Mulberry	Automotive manufacturing
Eve OLC Machinery*	\$26.24	\$1.8 million	65	1,000 / 500 employees	Largo	Aircraft part and machinery repair
ASRC Aerospace Corp. (owned by ASRC)**	\$26.14	\$1.3 billion	6,000	500 employees	Anchorage, Alaska	R&D in physical engineering

*Significant information was missing from the contracting data. Other sources used to determine size are updated regularly, and numbers may not accurately reflect the company size at the time the contract was awarded.
 **Contract awarded to other sources through the one industry set-aside without limitation.

SOURCE: ENR, ENR.COM, COMPANY RECORDS

MIAMI HERALD

Note:

Eleven of the twenty companies listed on this Miami Herald Chart are not 'small businesses' by SBA definition and not entitled to bid on any 'set-aside solicitation' nor accept any set-aside award. Doing so, would constitute 'FRAUD.'

**RECOMMENDATIONS MADE BY RAUL ESPINOSA IN HIS PUBLIC TESTIMONY
BEFORE THE U.S. REGULATORY FAIRNESS BOARD IN JACKSONVILLE, FL
ON MARCH 23RD 2006**

*This testimony was made on behalf of a coalition of 14 Advocacy Group he helped formed.
The coalition represents in excess of 50,000 small business owners.*

1. *Get both Sen. Martinez and Cong. Mica to request both the Government Accountability Office (GAO) and the Air Force Inspector General (IG) to initiate investigations into the Air Force reported abusive contracting practices and the actions by Malmstrom AFB to avoid taking both responsibility and liability for an agreement they signed to settle a previous dispute dating back to 2003.*
2. *Get the Office of Federal Procurement Policy (OFPP) to consider retracting the suspension of the price evaluation adjustment for DOD for small and disadvantaged businesses to force DOD into addressing the problems raised in the testimony.*
3. *Get the SBA Office of Government Contracting to overhaul the entire Government Contracting Protest System.*
4. *Get SBA Government Contracting Office to incorporate the **CARB** initiative into its own protest system to give small businesses a fair settlement avenue when their rights have been abused.*
5. *Get the Office of Federal Procurement Policy (**OFPP**) to recommend new ethical standards – based on the debarment of violators – to prevent fraud in the government set-aside program.*
6. *Get the Office of Advocacy to review through a study - with the goal of strengthening - all the references to small and socio-economic businesses on both the FAR and DFAR.*
7. *Get the SBA Government Contracting Office to strengthen its own CCR database by weeding out unethically 'self-certified small businesses who purposely fail to include their independent contractors, sales force, consultants and affiliates in their current count of employees and, in addition, hide their gross sales – often in the \$20 + million – solely to qualify for set-aside contracts.*
8. *Get the SBA Office of Government Contracting to incorporate dispute resolution elements, penalties and their enforcement into its proposed 'size standards' revision.*
9. *Get the SBA to cease making monetary and/or jail threats on its documentation for size standard violations since the agency has no enforcement powers.*
10. *Get the Office of Advocacy to publish the names of companies a) whose self-certification has been successfully challenged and b) which have received set-aside contracts in spite of the fact that they were not 'small business' by government standards as reported in the Miami Herald investigative report.*
11. *Get the Office of Advocacy to lobby Congress for new legislation which would make the current references to punishment for the violations of the Small Business Act enforceable.*
12. *Get the OMB Acquisition Advisory Panel to strengthen FAR Part 19 while lowering the preferred status of GSA Contract holders (FAR Part 8) to both open competition and level the playing field in ALL government solicitations.*
13. *Get the OMB Acquisition Advisory Panel to also consider recommending that ALL existing GSA contracts permit small businesses to purchase commodities from manufacturers on the GSA schedule (for resale to the government) at prices below the GSA schedule without causing a violation of the GSA contracts.*

14. Get the Office of Advocacy to take a more active role, coordinating and reporting to both our advocacy community and to Congress the recommendations herewith offered including the incorporation of the **CARB** initiative and its principles.
15. Get the Office of Advocacy to lobby the U.S. Chamber of Commerce (and other similar groups) and through them, all of their respective state groups and chambers, including our own Florida Chamber for the inclusion of 'ethical standards' for their memberships to prevent abuse of small businesses in public contracting.
16. Get the Advocacy Office to lobby and support efforts to implement the Free Universal Access (FUA) initiative on public solicitations and thus prevent unscrupulous IT firms to charge small businesses for their access.
17. Get the OMB Acquisition Advisory Panel to recommend adding 'foreign purchases' to the list of commodities subject to the 'set-aside restrictions.'
18. Get the Advocacy Office to fund a study, which would consider transferring, to private industry, governmental programs and services directed toward small businesses which contract with the government. Combining these with other valuable services currently been offered by private industry, would permit these services to become self-supporting at a great saving to taxpayers.

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QUOTES FROM PROMINENT ADVOCATES FOLLOWING RAUL ESPINOSA'S PUBLIC TESTIMONY CALLING FOR A FIGHT TO END CONTRACTING ABUSE

“Raul Espinosa’s testimony targets the integrity of the government’s small business development programs. To continue in the present course, without implementing his recommendations, is to allow large companies to effectively conspire with the government in lynching the type of companies the Small Business Act intends to protect.”

Anthony Robinson
President of MBELDEF and
www.mbeldef.org

“Opening government procurement to small businesses rests with enhancing their access to the contracts, modernizing the system and simplifying the bidding processes. Government has an obligation to abide by and to enforce its own rules in this arena. Raul Espinosa's testimony has shed light on a contracting system that is in need of both an upgrade and of a lot of reform.”

Karen Kerrigan,
President & CEO
Small Business & Entrepreneurship Council (SBE Council)
www.sbecouncil.org

“Raul Espinosa’s efforts, to incorporate ethical and disciplinary standards in government contracting and to also involve the private sector into taking responsibility for part of the solution, is very commendable. Our members have benefited from set-asides, but now they are all ‘Large’ and ineligible for those contracts. What we want is to stop the fraud and the abuse so that other minority firms can gain access to those contracts and grow their business.”

Roger Campos,
President & CEO
Minority Business Round Table (MBRT)
www.mbrt.net

“Raul’s testimony sheds light on the abuses that have been allowed to transpire for decades without any punishment. For small businesses to succeed in government contracting, the government must be held accountable for enforcing its own regulations.”

Lloyd Chapman
President
American Small Business League
www.asbl.com