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North Florida Shipyards and its president have agreed to pay \$1 million to the United States to settle claims that they violated the False Claims Act by creating a front company in order to be awarded Coast Guard contracts that were designated for Service Disabled Veteran Owned Small Businesses (SDVOSBs). To qualify as a SDVOSB on Coast Guard ship repair contracts, a company must be operated and managed by service disabled veterans and must perform at least 51 percent of the labor. The government charged that North Florida Shipyards created a front company merely as a contracting vehicle and that North Florida Shipyards performed all the work and received all the profits. If the government had known that it was dealing with a mere front company, the Coast Guard would not have awarded it lucrative contracts to repair five ships.

**[Read the Department of Justice press release.](#)**

The settlement resolves allegations originally filed in a lawsuit under the qui tam ("whistleblower") provisions of the False Claims Act. The Act allows private individuals to sue on behalf of the government for false claims and to share in any recovery. In this case, the two whistleblowers will receive \$180,000 for their role in reporting the fraud on the government.

Individuals with knowledge of any fraud committed against the government or any department or agency of either the state or federal government should consult with an attorney knowledgeable of the False Claims Act.

Whistleblowers, also known as relators, receive a portion of any recovery the government obtains in a False Claims Act case.