



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

October 1, 2010

Scott W. Friedlander, President and Chief Executive Officer
GTSI Corporation
2553 Dulles View Drive
Suite 100
Herndon, VA 20171
Fax: 703-222-5217

Re: Notice of Suspension

You are hereby notified that the U.S. Small Business Administration (“SBA”) has suspended GTSI Corporation (“GTSI”) (Duns: 107939357), including all of its divisions and other organizational elements from Federal Government contracting and from directly or indirectly receiving the benefits of federal assistance programs. The suspension is initiated pursuant to the authority and the procedures of the Federal Acquisition Regulation (FAR) Subpart 9.4. A Copy of FAR 9.4, is enclosed for your information.

Section 9.407-2 of the FAR lists the causes for suspension. FAR 9.407-2(a) states that, “[t]he suspending official may suspend a contractor suspected, upon adequate evidence, of—(1) Commission of fraud or a criminal offense in connection with— (i) Obtaining; (ii) Attempting to obtain; or (iii) Performing a public contract or subcontract.” I have determined that that there is adequate evidence to suspend GTSI pursuant to FAR FAR 9.407-2(a). Further, pursuant to FAR 9.407-2(c), I am also suspending GTSI based on adequate evidence indicating a lack of business integrity or business honesty that seriously or directly affects the present responsibility of a Government contractor.

The Department of Homeland Security (DHS) issued Solicitation Number HSHQDC-05-R-00001, FirstSource multiple award indefinite delivery/indefinite quantity (IDIQ) contract vehicle, as a 100% small business set-aside. The size standard for the solicitation was 541519 footnote 18: 150 employees. The evidence shows that GTSI is not a small contractor under NAICS code 541519 footnote 18. The evidence shows that GTSI’s conduct and performance as a subcontractor on various FirstSource contracts would have made the prime contractor ineligible for award of those contracts pursuant to provisions of 13 C.F.R. Parts 121 and 125¹. There is evidence that GTSI’s prime contractors had little to no involvement in the performance of the contracts, in direct

¹ In at least one instance, a size protest was filed against a prime contractor for which GTSI was the subcontractor. Contract No. HSHQDC-07-D-0027; Delievery Order No. HSSCCG-08-J-00312. The prime contractor admitted affiliation with GTSI and SBA found that the prime contractor was ineligible for award.

contravention of applicable laws and regulations regarding the award of small business contracts. The evidence shows that GTSI was an active participant in a scheme that resulted in contracts set-aside for small businesses being awarded to ineligible contractors, and with contracts not being performed in accordance with applicable law, regulations, and contract terms.

In order to allow the prime contractors to appear eligible, and to appear to be performing their contracts in accordance with applicable laws, regulations, and contract terms, GTSI actively engaged in conduct concealing the extent of its involvement as a subcontractor. By way of example only, and without limitation with respect to the entire body of evidence relied upon by this suspension action, evidence shows at least the following:

- (a) GTSI represented itself as a prime contractor to third parties;
- (b) employees of GTSI obtained email addresses from the prime contractor, so that employees of GTSI could appear to be employees of the prime contractor while conducting business with the government;
- (c) GTSI prepared proposals and sent quotes to the government as if it were the prime responding to bid requests sent to the prime contractor; and
- (d) GTSI created invoices and placed the letterhead of the prime contractor on the invoice before submitting it to the government, so the invoice would appear to have been created by the prime contractor rather than by GTSI.

This and other evidence in the Administrative Record shows an ongoing scheme on the part of GTSI and others to accomplish the improper purposes referenced above. SBA's Office of Inspector General is actively investigating the actions of GTSI with regard to its conduct as a subcontractor on numerous contracts set-aside for small business.

Further, evidence shows that GTSI was the subcontractor for at least two prime contractors; and that GTSI was responsible for receiving and reviewing, on behalf of both prime contractors, quotes and contract opportunities presented by contracting officers under the FirstSource IDIQ contract. Among other actions, GTSI did this by having email forwarded from the prime contractor directly to GTSI employees. GTSI was also responsible for preparing and in some instances sending responses to contract officers regarding contract opportunities on behalf of the prime contractors. There is ample evidence to suggest that this scheme subverted the competitive process and directly affects the integrity of any procurement that these prime contractors were or are involved in.

It is my determination that immediate action is necessary to protect the Government's interest. Suspension is a temporary measure imposed pending the completion of any investigation or legal proceedings as may ensue. The suspension is

effective as of the date of this letter. This suspension is effective throughout the executive branch of the Federal Government and has the following consequences:

1. The company name, GTSI Corporation will be published in the Excluded Parties List System (EPLS), where it will be noted that the company has been suspended. The EPLS is available at <http://epls.gov>.
2. The company is excluded from receiving contracts, and agencies shall not solicit offers from, award contracts to, or consent to subcontracts with the company, unless the agency head determines that there is a compelling reason for such action.
3. The company is excluded from conducting business with the Government as agent or representative of other contractors.
4. The company is excluded from acting as an individual surety.
5. The company is excluded from participating in a Federal agency transaction that is a covered transaction, or act as a principal of a person participating in a covered transaction. The term "covered transaction" is defined in 2 C.F.R. § 180.200.

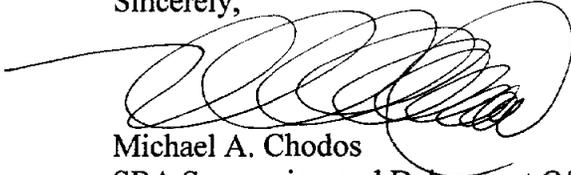
Within 30 days of receipt of this notice, you or a representative on your behalf may submit, either in person, or in writing, or both, information and argument in opposition to the suspension. If you designate a representative to respond on your behalf, please notify me in writing of the identity of the representative. The designation should specifically state the names and addresses of all individuals or companies the designee has the authority to represent in this matter.

Your submission, if any, may include specific information that raises a genuine dispute over facts material to the suspension. If it is found that the information or argument submitted raises a genuine dispute over material facts, fact-finding may be conducted to determine the disputed facts.

This suspension has been initiated on the basis of the administrative record. A copy of the record, except for those materials protected from disclosure, will be furnished upon request. Any written information you submit will become a part of the administrative record. Information or argument presented orally will be considered part of the administrative record only to the extent such information and argument is submitted in written form.

Any communications regarding this matter should be directed to Christopher Clarke of my office at (202) 205-7307. Any written submission should be forwarded to him at U.S. Small Business Administration, 409 Third Street SW, Fifth Floor, Washington, DC 20416, with a copy by fax to (202) 481-1890.

Sincerely,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

Michael A. Chodos
SBA Suspension and Debarment Official

Enclosures