FILED

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CLERK, U.S. DISTRICT COURT
WESTERN DISTRICT OF TEXAS
BY _____
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IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

UNITED STATES OF AMERICA	CRIMINAL NO. _____
v.	**INFORMATION**
RUBEN VILLARREAL	[Vio.: 18 U.S.C. § 371 Conspiracy]
Defendant.	SA20CR0456 XR

CRIMINAL INFORMATION

The United States of America, acting through its attorneys, charges:

1. RUBEN VILLARREAL is hereby made a defendant on the charge stated below.

COUNT ONE
[18 U.S.C. § 371]

INTRODUCTION

At all times relevant to this Information, unless otherwise stated:

2. The Small Business Administration ("SBA") was an agency of the United States. The SBA was authorized by law to develop programs and promulgate regulations to assist small businesses, including by having programs that offered contracts set aside for certain business owners, such as small business owners, service disabled veterans, and socially and economically disadvantaged individuals, commonly referred to as "set-aside programs" and their "set-aside contracts."

3. The SBA's Service Disabled Veteran Owned Small Business ("SDVOSB") was one such "set-aside" program that offered such "set-aside" contracts.

4. The SBA's SDVOSB program's purpose was to increase the number of government contracts awarded to small businesses owned and controlled by service-disabled

veterans. To qualify as an SDVOSB, a company, among other things, was required to have been owned and controlled by a service disabled veteran ("SDV"), that is, a United States veteran with a disability that was incurred in the line of duty in the active military, naval, or air service. Small businesses that are owned and controlled by service-disabled veterans are known as SDVOSBs. A qualified SDVOSB was eligible to receive government contracts that were only available to SDVOSBs.

5. For a business to qualify for contracts set-aside for a SDVOSB, or any other small business, it must qualify under SBA rules as a "small business."

6. By law, a small business is owned by a qualifying person when the person unconditionally and directly owns at least 51% of the business.

7. By law, a small business is controlled by a qualifying person when the person (1) conducts the long-term decision-making, (2) conducts the day-to-day management and administration of the business operations, (3) holds the highest officer position in the business, and (4) has managerial experience of the extent and complexity needed to run the business. The qualifying person must also manage the business on a full-time basis working normal hours typical of that business.

DEFENDANT AND CO-CONSPIRATORS

8. Co-Conspirator 1 and Co-Conspirator 2 were the co-owners and managers of Company M, a Texas Corporation in the construction business.

9. Co-Conspirator 1 and Co-Conspirator 2 were also co-owners and managers of Company F, a Texas Limited Liability Company in the construction business, which was formed to provide services to Company BH, a Texas Limited Liability Company in the construction

business; Company M; and other companies affiliated with Co-Conspirator 1 and Co-Conspirator 2.

10. RUBEN VILLARREAL allowed himself to be held out by Co-Conspirator 1 and Co-Conspirator 2 as the majority or sole owner of Company BH. Company BH fraudulently claimed Service-Disabled Veteran-Owned Small Business status to obtain federal government SDVOSB set-aside contracts.

11. Various entities and individuals, not made defendants in this Information, participated as co-conspirators in the offense charged herein and performed acts and made statements in furtherance thereof.

SCHEME TO DEFRAUD

12. Beginning at least as early as April 16, 2004, Co-Conspirator 1 and Co-Conspirator 2 entered into a conspiracy to:

a. Defraud the United States of and concerning its governmental functions and rights, by interfering with the lawful function of the SBA and other U.S. government agencies, by deceit, craft, trickery, and means that were dishonest, including fraudulently securing through Company BH valuable government contracts set aside for small businesses from U.S. government agencies, when Co-Conspirator 1 and Co-Conspirator 2 and their businesses were not eligible to obtain those contracts, thereby impeding, impairing, defeating, and obstructing the lawful function of the SBA and other U.S. government agencies; and

b. Obtain money from the United States, and agencies thereof, by means of false and fraudulent pretenses, representations, and promises.

13. Beginning at least as early as January 1, 2008, through at least as late as November 22, 2017, RUBEN VILLARREAL knowingly entered into and engaged in the conspiracy with Co-Conspirator 1 and Co-Conspirator 2.

MANNER AND MEANS

14. For the purpose of carrying out the charged conspiracy, Co-Conspirator 1, Co-Conspirator 2, RUBEN VILLARREAL, and other co-conspirators:

a. Held out Company BH to the SBA and other U.S. government agencies as qualified for set-aside contracts, when in truth and in fact Company BH was not qualified due to its control by Co-Conspirator 1 and Co-Conspirator 2, and exceeded the size limitation for a small business because of Company BH's affiliation with Co-Conspirator 1, Co-Conspirator 2, Company M, and Company F;

b. Solicited set-aside contracts from the federal government through bids submitted by Company BH;

c. Made false statements and representations to the contracting federal government agencies about the qualifications of Company BH;

d. Concealed that Co-Conspirator 1 and Co-Conspirator 2, persons not eligible as business owners for SBA contracting preferences, exercised impermissible control over Company BH;

e. Concealed from the contracting federal government agencies the impermissible control that non-qualifying, affiliated, Company F and Company M, and other companies controlled by Co-Conspirator 1 and Co-Conspirator 2, exercised over Company BH;

f. Made false statements to federal government agencies to conceal that Company BH, Company M, and Company F were affiliated, and that Company BH, therefore,

exceeded the size limitation for small businesses and was ineligible for set aside contracts;

g. Caused Company BH to submit invoices and accept payments from agencies of the United States in connection with set-aside contracts; and

h. Obtained millions of dollars for Company BH in set-aside contracts as a result of false, misleading, and concealed conduct.

OVERT ACTS

15. Within the Western District of Texas and elsewhere, in furtherance of the above described conspiracy, and in order to carry out the objects thereof, RUBEN VILLARREAL, Co-Conspirator 1, Co-Conspirator 2, and other co-conspirators, known and unknown to the United States, committed the following overt acts, among others:

a. On or about January 1, 2008, created a document signed by RUBEN VILLARREAL reflecting that RUBEN VILLARREAL was the new majority owner of Company BH, and was replacing a service-disabled veteran, who had previously been appointed as the majority owner of Company BH by Co-Conspirator 1 and Co-Conspirator 2;

b. On or about August 13, 2009, created a document signed by RUBEN VILLARREAL reflecting that RUBEN VILLARREAL was the sole owner of Company BH;

c. On or about September 13, 2013 and September 18, 2013, in connection with a bid protest against Company BH concerning an SDVOSB contract with the United States Department of Veteran Affairs worth more than $20 million, caused Company BH to prepare and submit to the SBA a document signed by RUBEN VILLARREAL, which

contained false statements regarding Company BH's affiliation with Co-Conspirator 1, Co-Conspirator 2, Company M, and Company F; and

d. On or about November 22, 2017, caused Company BH to receive final payment of approximately $74,431.72 from the United States Department of Veteran Affairs on a SDVOSB contract worth more than $20 million.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 371.

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