NY Construction Contractor Pays $5 Million To Settle Whistleblower Case

[Kurt Niland](http://www.rightinginjustice.com/news/author/kurt-niland/) March 22, 2016

A Syracuse, N.Y., **construction firm and** [**government contractor**](http://www.rightinginjustice.com/tag/government-contractor/) has agreed to pay the U.S. $5 million to resolve a **False** [**Claims**](http://www.rightinginjustice.com/tag/claims/) **Act** [lawsuit](http://www.rightinginjustice.com/tag/lawsuit/) alleging that it orchestrated a scheme between company officials and affiliates to win contracting bids reserved for companies owned and operated by service-disabled veterans.

According to the U.S. Justice Department, the fraudulent scheme involved **Hayner Hoyt Corporation**’s chairman and chief executive officer Gary Thurston, its president, Jeremy Thurston, employees Ralph Bennett and Steve Benedict, and two affiliate companies – **LeMoyne Interiors** and **Doyner Inc.**

The [whistleblower](http://www.rightinginjustice.com/tag/whistleblower/) case alleged defendants conspired to take advantage of the **service-disabled, veteran-owned small business program** to win government contracts for a now-defunct company, **229 Constructors LLC**, that Gary and Jeremy Thurston created and controlled, and for subcontracts for Hayner Hoyt and its affiliates.

The Thurstons – neither of whom is a veteran – effectively controlled 229 Constructors’ decision-making during all phases of the bid process and contract fulfilment in various ways, even staffing the company entirely with Hayner Hoyt employees and their spouses.

They also provided 229 Constructors with considerable resources, which gave the company a competitive advantage over legitimate service-disabled, veteran-owned small businesses.

Hayner Hoyt officials made false certifications and statements to the government, claiming that that 229 Constructors met all requirements to be a service-disabled, veteran-owned small business when, in fact, they did not.

The government’s investigation revealed that Bennett – a service-disabled veteran who ostensibly served as 229 Constructors’ president and oversaw its $14.4 million government-contract portfolio – actually was not involved in making decisions for the company. He was, instead, responsible for plowing snow from Hayner Hoyt’s property and keeping track of tool inventory.

The U.S. Justice Department said that Hayner Hoyt’s actions robbed legitimate disabled veterans and their companies of the opportunities to contract with the federal government.

“**Federal contracting programs** designed to help service-disabled veteran-owned small businesses should never be undermined by actions such as the ones taken by Hayner Hoyt Corporation officials to divert contracts to ineligible large firms,” said Inspector General Peggy E. Gustafson for the Small Business Administration (SBA), who helped investigate the case.

The government’s allegations stemmed from a lawsuit filed by a **whistleblower** under the False Claims Act, which allows private parties to sue on behalf of the federal government and share a part of the recovery. The U.S Justice Department said that the whistleblower in this case will receive $875,000 of the settlement proceeds as an award for exposing the fraudulent scheme to the government.

Source: [U.S. Department of Justice](https://www.justice.gov/)