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Littleton attorney helps uncover company's 'cozy relationship' with IRS

BY HEATHER DRAPER
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Littleton attorney Richard F. Busch II played a key role in the eventual unraveling of \$500 million in suspect federal government contracts.

Braulio Castillo and his Virginia-based technology company, Strong Castle Inc., received national media attention last month when the U.S. House Committee on Oversight and Government Reform made public its report about Castillo allegedly gaming the government contracting system.

In a congressional hearing on June 26, Castillo denied any wrongdoing, but admitted to submitting false documents to the U.S. Small Business Administration, and to using an ankle injury he suffered playing football at a military prep school in 1984 to get a veterans' disability rating.

He also opened a small office in a blighted area of Washington, D.C., to get further preferential treatment in the bidding process, according to the congressional report.

Busch, who specializes in government contract law, started investigating Castillo last year after Busch's client, Cincinnati-based Government Acquisitions Inc., lost an \$80 million blanket purchase agreement with the Internal Revenue Service to Signet Computers Inc., which later became Strong Castle.

"As we were looking into it, we found Signet before last year ... had won contracts worth just a couple hundred thousand," Busch said. "Castillo bought it in early 2012, and between August and December 2012, he was awarded about \$500 million in contracts from the IRS from the same procurement branch. That's just unheard of."

When Busch learned that Castillo was claiming his company was both a "service-disabled, veteran-owned small business" and that its principal office was in a Historically Underutilized Business Zone (HUBZone), he ramped up his research.

Busch found that Castillo was claiming disabled veteran status from a military prep school football injury nearly 30 years ago, despite not having filed a claim on the injury until 2011, just before he purchased Signet Computers.

And Busch found that the HUBZone designation also was suspicious.

"What I found is that he had leased a 300-square-foot office in Chinatown in D.C.," he said. Based on the number of employees at the company, that would have

Littleton attorney Richard F. Busch II in his backyard in Ken Caryl. He specializes in government contract law.
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meant Castillo had "26 people working in 300 square feet on a daily basis" to qualify for HUBZone status.

Busch used his findings to write two status protests on behalf of Government Acquisitions regarding Castillo: one challenging the HUBZone status and one challenging the disabled rating. He then wrote a protest for his client to the General Accounting Office.

"That all happened in late 2012 and early January," Busch said. "Shortly after that, I was asked by the Committee on Oversight to provide my status protests, which included my theories. I did."

The committee conducted its own investigation, and on June 25 published a scathing, 157-page report on Castillo and his "cozy relationship" with Gregory Roseman, an IRS procurement official. Roseman invoked his Fifth Amendment right against self-incrimination in the hearing.

"The case of Strong Castle and its cozy relationship with the IRS is but one example of

a deeply flawed procurement process in the federal government," the committee said in its report. "The company took advantage of small business socioeconomic programs intended to bolster job creation and spur economic growth in blighted areas to get lucrative IRS contracts."

The SBA decertified Strong Castle's HUBZone status in May, and IRS official Beth Tucker testified on June 26 that the IRS was "taking steps" to sever ties with Strong Castle.

For Busch, a decorated former judge advocate in the U.S. Army Judge Advocate General's Corps, the fact that an attorney in metro Denver — home to the largest concentration of federal employees outside of Washington — played a role in uncovering Castillo's scheme means a lot to him.

"It started as a little ice cube in the ocean, and under the surface was a half-billion dollars in contracts in five months," Busch said. "I'm here in Denver watching [the congressional hearing] on TV, and that felt pretty good."