



JOSEPH
GREENWALD
& LAAKE, PA

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Earlier this year, the Government Accountability Office released a twenty page report still finding HUBZone certification fraud is being overlooked by the Small Business Administration. HUBZone fraud occurs when contractors mislead their ability to meet the requirements for the SBA's HUBZone program in order to receive government contracts specifically carved out for small businesses in economically distressed communities, in both rural and urban areas.

However, the SBA has made strides in protecting its Historically Underutilized Business Zone Program by acting on some of the GAO recommendations. The SBA has increased site visits by ten percent, deterring businesses from using fake addresses. It also now informs businesses of potential consequences of certification violations. The SBA continues to make small scale changes so no longer are many hands in the cookie jar.

So, what qualifies as a HUBZone?

A HUBZone is located in (1) a qualified census tract; (2) a qualified "non-metropolitan county" with a median household income of less than 80% of the State median household income or with an unemployment rate of not less than 140% of the statewide average; or (3) the boundaries of federally recognized Indian reservations.

Want to know if your employer is located in a HUBZone? Check the [SBA's HUBZone Map](#).

Not only must a business with certification be located within a HUBZone, but it must also meet a list of other criteria:

- The business must be a small business as defined by the SBA;
- it must be owned and controlled by at least 51% U.S. citizens; or a Community Development Corporation, or an agricultural cooperative or an Indian tribe
- its principal office must be located within a HUBZone; and
- at least 35% of its employees must reside in a HUBZone

Most businesses found to be falsely certified in the HUBZone Program usually violate the last two criteria. They have "principal offices" in name only. These businesses have a virtual office or may just receive mail at the address which they claim is a principal office. Additionally, the businesses may never verify or, when renewing certification, double-check that 35% of their employees also reside in HUBZone qualified locations.

If you think your employer falsely certified certification or is misleading the SBA about maintaining certification, you are protected under the False Claims Act as a whistleblower. If the GAO is any

indicator, these cases will soon be cutting edge. Attorney Brian Markovitz will discuss your potential case with you confidentially and explain your potential recovery for your assistance in combating fraud against the government. Brian can be reached at (301) 220-2200.

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