

THE UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT *of* VIRGINIA

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Department of Justice

U.S. Attorney's Office

Eastern District of Virginia

FOR IMMEDIATE RELEASE

Thursday, September 23, 2021

Government Contracting Companies Agree to Settle Civil False Claims Act and Anti-Kickback Act Allegations

ALEXANDRIA, Va. – Two Virginia-based companies agreed to pay a combined \$1,174,584 to settle allegations that they solicited and received kickbacks in connection with federal government contracts reserved for “8(a)” small businesses, announced Acting U.S. Attorney Raj Parekh for the Eastern District of Virginia.

Index Systems, Inc. (Index), located in Fairfax, was certified by the Small Business Administration as an 8(a) small business, meaning that it was owned and operated by a socially or economically disadvantaged citizen. Chinna Nemelidinne, a resident of Herndon, is the president and sole owner of Index. Capital Consulting Group, Inc. (CCG), a company located in Arlington, lacked an 8(a) certification. Index and Nemelidinne agreed to pay \$1,010,084 to settle claims under the Anti-Kickback Act and False Claims Act, and CCG agreed to pay \$164,500 to settle claims under the Anti-Kickback Act.

According to the United States' allegations, in 2018, Index and CCG agreed that Index would use its 8(a) certification to bid on a government contract on which CCG was not eligible to bid. Index and CCG allegedly agreed to subcontract all the work on that contract to CCG in exchange for a “fee” calculated by each hour of work subcontracted to CCG, and CCG allegedly paid Index the agreed upon kickback amount when the work was subcontracted to them.

The United States also alleged that, between 2018 through 2020, Index had a similar kickback arrangement in place with Sage Consulting Group, Inc. (Sage), in connection with three federal 8(a) set-aside contracts. The United States further alleged that Index also obtained one of the contracts through fraudulent representations to the federal agency that Index employees would be doing all the work on the contract, even though Index intended to subcontract much of the work on the contract to Sage. The United States and Sage reached a settlement in July 2021.

The resolutions obtained in this matter were the result of a coordinated effort between the U.S. Attorney's Office for the Eastern District of Virginia and the Department of Defense Office of Inspector General, Defense Criminal Investigative Service.

This matter was investigated by Assistant U.S. Attorney Krista Anderson.

A copy of this press release is located on the website of the U.S. Attorney's Office for the Eastern District of Virginia. A copy of a press release describing the United States' settlement with Sage Consulting Group, Inc. can be found here: <https://www.justice.gov/usao-edva/pr/sage-consulting-group-inc-agrees-pay-48-million-settle-civil-false-claims-act-and-anti>

The civil claims settled by this agreement are allegations only; there has been no determination of civil liability.

Component(s):

USAO - Virginia, Eastern

Contact:

USAVAE.Press@usdoj.gov

Updated September 23, 2021