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## Company that defaulted on MOFD construction contract convicted of fraud

By Nick Marnell

Principals of the Federal Solutions Group, a San Ramon-based government contractor that failed to live up to the terms of a 2017 construction agreement with the Moraga-Orinda Fire District, pleaded guilty to conspiracy to commit insurance premium fraud and related felonies Sept. 2. According to the Contra Costa County District Attorney's office, the company principals also admitted to an aggravated white collar crime enhancement for a loss exceeding \$500,000 through a pattern of criminal activity.

Scott Alonso of the DA's Office explained that investigators determined that the defendants, Selina Singh and Kabir Singh, obtained government contracts, including construction contracts that required compliance with workers compensation laws. The defendants then used Federal Solutions Group and their other companies to hire, employ and pay laborers to complete construction work, even as the defendants fraudulently misrepresented the construction payroll to insurance carriers as accruing in less dangerous industries, such as clerical and consulting, in order to lower their insurance rates.

"An audit by a forensic accountant at the DA's Office concluded that the scheme evaded over \$2 million dollars of insurance premiums that law-abiding competitors would have had to pay in seven years, in addition to over \$200,000 of payroll tax owed to the state of California," Alonso said in a statement. MOFD awarded Federal Solutions Group a contract to rebuild Orinda Fire Station 43 in September 2017, but two months later the district terminated its agreement with the company over a contract violation. Per terms of the fire station construction agreement, the company was to obtain a performance bond but it failed to do so, constituting a material breach of the contract. "We couldn't risk taking a waiver and proceeding with the construction without the bond," board President Kathleen Famulener said at the time. The district hired a new contractor in March 2018 and the Orinda fire station reopened in May of the following year.

The Federal Solutions Group principals will be sentenced Nov. 19 in Contra Costa County Superior Court. Each defendant faces a maximum sentence of 11 years and eight months.

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