Beware of Scams in Government Contracting

Because government contracting is so complex and confusing, a whole industry has grown up to assist small and inexperienced businesses. The effectiveness of these businesses varies across the spectrum so companies should conduct appropriate due diligence in order to locate legitimate companies which offer helpful products and services.

But true scams are out there. Earlier this year, CIRAS received a call from a company which asked “We just received a letter from a credit agency. Do we need to send updated financial information to them in order for the federal government to consider our bids?” A review of the correspondence was surprising – A one page letter with the correct credit agency logo and a request for information which at first glance seemed perfectly legitimate.

In researching the letter, we used the following approach:

1. How was the letter received? Answer - via facsimile. Red Flag? Maybe. The use of facsimiles by government agencies has dramatically decreased in recent years to almost an exclusive use of e-mails when requesting information.

2. Where did the company need to send the information? Answer – to a fax number with a 202 area code. Red Flag? Maybe. By performing an area code search, the 202 area code is for Washington D.C.

3. Did the letter provide a telephone number to call if there were additional questions? Answer – No. Red Flag? Yes. Legitimate credit agencies always provide a telephone number to call if there are additional questions.

4. Perform a simple internet search and fax number lookup. The results yielded a fraud alert and messages warning of a potential scam.

Best practices for avoiding a scam:

1. Understand that if you engage in government contracting, you WILL receive unsolicited inquiries or service offers from private companies or third parties especially once you become registered with a publicly viewable profile in the Central Contractor Registration (CCR).

2. Prior to sending any financial or company sensitive information, companies must conduct appropriate due diligence and use common sense prior to submitting any response.

3. If an e-mail message is received, companies should review whether it came from a .gov sender.

4. Contact a CIRAS Government Contracting Specialist for another opinion or more information to help determine if the inquiry is legitimate.

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