

DOCKETED

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**Attachment 2 Middle District of Florida SMC Systems Inc to Pay
\$235 Million to Resolve Allegations of False Statements**

Additional submitted attachment is included below.



United States
Attorney's Office
Middle District of Florida



PRESS RELEASE

SMC Systems Inc. to Pay \$2.35 Million to Resolve Allegations of False Statements Relating to Energy Star Program

Friday, September 29, 2023

For Immediate Release

U.S. Attorney's Office, Middle District of Florida

WASHINGTON – SMC Systems Inc., dba Skyetec, headquartered in Jacksonville, Florida, has agreed to pay \$2.35 million to resolve allegations that it violated the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), between 2014 and 2021, by knowingly and intentionally making false statements to the Environmental Protection Agency (EPA) and other entities about the results of inspections it was performing under the EPA's Energy Star Program. FIRREA imposes civil penalties on any person or entity that violates certain predicate federal statutes involving false statements and financial fraud. On July 15, 2021, Skyetec was acquired by Quality Built, LLC, and re-organized as SMC Systems LLC.

“EPA's Energy Star program is an important vehicle for promoting energy efficiency and improving energy security,” said Principal Deputy Assistant Attorney General Brian M. Boynton, head of the Department of Justice's Civil Division. “We will hold accountable those who undermine these critical objectives and seek to profit by knowingly failing to comply

with the program's requirements.

“The strength and integrity of the Energy Star program depends on accurate information provided by those who inspect and certify homes as energy efficient,” said U.S. Attorney Handberg for the Middle District of Florida. “The U.S. Attorney’s Office is committed to ensuring integrity in that process for both home buyers and financial institutions that assist borrowers in financing their homes, as well as holding accountable those who falsely certify Energy Star homes.”

“The integrity of the Energy Star program relies on an honest and transparent public-private partnership,” said Special Agent in Charge Nic Evans of the EPA Office of Inspector General (EPA-OIG). “These allegations and subsequent penalties send a clear message that oversight is imperative to bring to light partners that diminish the value of the Energy Star program.”

The Energy Star Program is a voluntary public-private partnership to identify and promote energy-efficient products and buildings, to reduce energy consumption, to improve energy security and to reduce pollution through labeling of, or other communication about, products and buildings that meet the highest energy conservation standards. As part of the Energy Star Program, the EPA oversees the Energy Star Home Certification Program along with RESNET, a private Home Certification Organization that accredits and audits rating providers. Under the Home Certification Program, newly constructed homes receive energy inspections and obtain Energy Star Certificates reflecting that the home meets the required energy efficiency standards. An essential feature of this program is third-party verification that the home meets energy efficiency standards set by EPA. EPA relies on rating providers, like Skyetec, to ensure that all homes certified as Energy Star meet all Energy Star requirements. The rating provider must sign a partnership agreement with the EPA and must report all homes certified as Energy Star to the EPA.

An essential component of the Energy Star Home Certification Program is a pre-drywall inspection to verify the presence and installation quality of a home’s insulation, alignment of air barriers, presence of prescribed framing and proper overall seal of a home. This is known as a “thermal bypass inspection.” The United States alleged that between 2014 and 2021, Skyetec knowingly and intentionally made false statements to the EPA, RESNET and others that it had properly performed these thermal bypass inspections when, in fact, it had failed to do so. Skyetec obtained both payment from a third party for a thermal bypass inspection

and an Energy Star certificate from EPA based on the material misrepresentation that a thermal bypass inspection occurred. Skyetec reported information about these homes through internet platforms to both the EPA and RESNET as having satisfied Energy Star requirements when in fact they had not verified this through a thermal bypass inspection.

The resolution obtained in this matter was the result of a coordinated effort between the Justice Department’s Civil Division, Commercial Litigation Branch, Fraud Section and the U.S. Attorney’s Office for the Middle District of Florida, with assistance from EPA-OIG.

The matter was investigated by Senior Trial Counsel Don Williamson and Assistant U.S. Attorneys Lindsay Griffin, Charles Harden and Soma Nwokolo for the Middle District of Florida.

The claims resolved by the settlement are allegations only and there has been no determination of liability.

Updated October 2, 2023

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