



Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: CRM, Inc.
File: B-236251
Date: November 17, 1989

DIGEST

Rejection of protester's bid was proper where agency reasonably found that protester failed to provide sufficient information to permit finding the individual sureties on its bid bond acceptable.

DECISION

CRM, Inc., protests the rejection of its bid under invitation for bids (IFB) No. DACA67-89-B-0022, issued by the Army for the repair and replacement of sewerline at Fort Lewis, Washington. The Army rejected CRM's bid because the agency found that firm's individual sureties to be unacceptable.

The IFB required each bidder to submit with its bid a bid guarantee (Standard Form 24) equal to 20 percent of the bid price or \$3 million, whichever was less. At bid opening on April 26, 1989, CRM submitted the low bid of \$346,704. CRM's bid bond, submitted through Benefax Surety Corporation, proposed two individual sureties. An Affidavit of Individual Surety was submitted for each.

One surety listed his net worth as \$7,471,193 and his outstanding bond obligations on other contracts as \$5,770,491. He claimed the fair market value of his solely-owned real estate to be \$1,365,000 subject to mortgages of \$478,000. He also claimed equity in partially-owned real estate of \$1,831,100. To support his ownership of both the solely-owned and partially-owned properties and their values, he submitted real estate listing agreements that showed only the asking price for the properties. No documentation was submitted to verify the accuracy of the mortgages for the solely-owned property. He also claimed to own stock in various corporations valued at \$4,613,643. To establish his ownership of the stock and its value, he submitted photocopies of corporate stock certificates which

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listed only the par value and balance sheets purportedly of the issuing corporations which did not disclose their preparer. Lastly, the surety claimed to own cash and receivables valued at \$232,450 and vehicles and equipment with a value of \$155,000. No documentation was submitted to show what the cash and receivables consisted of or what the vehicles and equipment consisted of or their value.

The second surety listed her net worth as \$744,623. She claimed the fair market value of her solely owned real estate to be \$270,000 subject to mortgages of \$241,863. To establish her ownership of this property and its value, she submitted photocopies of warranty deeds subject to vendors' liens and statements listing these assets and their value but there was no indication of who prepared the statements of value. The warranty deeds indicate that, at the time of their execution, there were encumbrances of \$244,602. No documentation was provided to show that the encumbrance had in fact been reduced to \$241,863. Ms. Travis also claimed equity in partially-owned real estate of \$682,491. To establish her equity in this property she submitted photocopies of deeds. She also submitted statements as to the value of the real estate similar to those submitted for the solely-owned property, in that the preparer was not clearly identified and there was no proof as to the fair market value of the property. Lastly, she claimed to own furniture and equipment valued at \$34,000. No documentation was provided to show what these assets consisted of or their value.

The contracting officials concluded that the information submitted in the affidavits failed to establish the ownership and value of the assets listed.^{1/} Consequently, the Army requested additional information from CRM by letter dated May 5. Specifically, with respect to real estate the agency requested tax statements as proof of ownership and either an appraisal or tax statement to support the property's value. For personal property, the agency requested a statement providing a breakdown of the division of equity and any available appraisals. The agency further noted what type of documentation was needed in regard to stock, motor vehicles, and tools or equipment. The agency requested that this information be provided by May 17.

^{1/} The Army also concluded that neither surety had the certificate of sufficiency on the back of the affidavit signed by an officer of a bank or trust company as required by the solicitation.

In response to the Army's request, Benefax Surety submitted additional documentation on behalf of the protester. After reviewing the supplemental information submitted on behalf of the protester, the contracting officer concluded that the sureties net worths still remained unverified. For example the real estate of the first surety remained unsupported by an appraisal and there was no indication of the fair market value of the vehicles. As for the second surety the appraisal for the real estate was prepared by an individual with doubtful qualifications and was not prepared using traditional methods. The Army determined that CRM was nonresponsible based on the sureties' failure to substantiate the claimed value of their assets.

The protester challenges the Army's determination of the unacceptability of the sureties. CRM argues that it submitted more than adequate evidence detailing both ownership and relative value of the assets held by its sureties. CRM contends that the Army was requesting documentation not readily available on the market.

The question of the acceptability of a surety is a factor in determining the responsibility of the bidder and may be established at any time prior to contract award. Labco Constr., Inc., B-232986 et al., Feb. 9, 1989, 89-1 CPD ¶ 135. In reviewing a bidder's responsibility, the contracting officer has broad discretion and absent bad faith or the lack of any reasonable basis for his determination, the contracting officer may decide what specific financial qualifications to consider in determining responsibility. Id. It is the sureties' obligation to provide the contracting officer with sufficient information to clearly establish their responsibility; that is, that they have sufficient financial resources to meet their bond obligation. Hirst Co., B-230864, June 23, 1988, 88-1 CPD ¶ 605.

We have carefully reviewed the record here and find that the documentation required by the agency to establish the ownership and value of the listed assets was not submitted; thus it is our view that the Army acted reasonably in determining that both sureties were unacceptable. In this regard, we disagree with the protester's argument that the Army requested information not available on the market, specifically "certified appraisals." According to the Army there was never a request for "certified appraisals" but rather appraisals performed by qualified appraisers possessing credentials demonstrating expertise in the field of real property appraising. CRM has not presented evidence that such appraisals are not available on the market.

CRM finally argues that the same documentation as submitted with its bid bond has been accepted by other government agencies in the past as evidenced by the number of bonds that have been guaranteed by its sureties. The fact that the same individual may have been accepted under a different procurement does not mean the contracting officer here is bound to accept a surety who has not established proof of ownership and value of assets claimed in its net worth. Ram II General Contractor, Inc., B-234613, June 7, 1989, 89-1 CPD ¶ 532.

The protest is denied.

for Seymour Epos
James F. Hinchman
General Counsel