

GSA OIG Recovers Over \$19 Million in False Claims from GSA Contractor -- Contractor Also Forfeits \$83.5 Million in Pending Claims - GSA Office of Inspector General
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On January 29, 2009, AMEC Construction Management, Inc. (AMEC), formerly known as Morse Diesel International, Inc. (MDI) signed a Settlement Agreement in the Court of Federal Claims. AMEC agreed to pay GSA \$11,710,335 and forfeit \$7,329,921, for a total of \$19,040,256. The \$11,710,335 consisted of \$8,010,335 for fraud counterclaims and \$3,700,000 for re-procurement costs.

In 1996, GSA awarded AMEC a construction contract in which GSA withheld \$7,329,921 from AMEC to off-set the re-procurement claim against the St. Louis Courthouse. AMEC agreed to forgo its claim of this money pursuant to the Settlement Agreement.

AMEC/MDI was awarded four GSA Federal construction contracts between 1994 through 1995. These contracts were for construction relative to Federal Courthouses in St. Louis, MO, San Francisco, CA, and Sacramento, CA.

GSA OIG auditors at the Heartland Field Office in Kansas City audited AMEC's construction claims, and suspected fraud regarding payment of construction bond invoices. This matter was referred to the OIG's Office of Investigations.

AMEC provided falsified invoices to GSA and those false documents allowed AMEC to receive payments for work that had not been accomplished both in Missouri and California. According to the investigative report, MDI front-loaded over 2 million dollars in contract value using falsified invoices, false documents and false statements. Pursuant to the St. Louis Courthouse, AMEC pled guilty for presenting a false bond claim and was sentenced on December 12, 2000. AMEC later pled guilty on December 4, 2001 for false claims in California and was sentenced on March 19, 2002.

On May 5, 1999, AMEC filed a complaint with the General Services Board of Contract Appeals, claiming they were owed money, and this case was later transferred to the U.S. Court of Federal Claims. On October 28, 1999, GSA filed its answer along with civil fraud counterclaims for the false bond claims.

During civil proceedings it was also discovered that AMEC was getting a kickback from their bonding agent's commissions. On July 15, 2005, the Court issued an opinion granting summary judgment on the Government's claim for violation of the Anti-Kickback Act, 41 U.S.C 51-58.

On January 26, 2007, the Court issued an opinion granting summary judgment on GSA's claim under the Special Plea in Fraud, 28 U.S.C 2514 and the False Claims Act, 31 U.S.C, 3729-33, for the false bond documents submitted for payment. On October 31, 2007 and November 16, 2007, the Court issued a decision assessing penalties and damages against AMEC for the False Claims and Anti-Kickback Acts.

Subsequently, AMEC and the Government entered into negotiations to resolve amicably the claims of both parties relating to these matters.

Pursuant to the Settlement Agreement, moneys held by GSA in retainage owed to AMEC were forfeited in the amount of \$10,560,139.88 resulting in a cost recovery. AMEC also forfeited all pending claims against GSA for the above projects resulting in approximately \$83.5 million dollars in cost avoidance

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