

CA Inc. to Pay \$45 Million for Alleged False Claims on Government-Wide Information Technology Contract - GSA Office of Inspector General

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CA Inc. (CA) has agreed to pay \$45 million to resolve allegations under the False Claims Act that it made false statements and claims in the negotiation and administration of a General Services Administration (GSA) contract, the Department of Justice announced today. CA is an information technology management software and services company headquartered in New York, New York.

"Today's settlement demonstrates our continuing vigilance to ensure that contractors deal forthrightly with federal agencies when seeking taxpayer funds," said Acting Assistant Attorney General Chad A. Readler of the Justice Department's Civil Division. "We will take action against contractors who withhold information and cause the government to pay more than it should for commercially available items."

The settlement resolves allegations related to a GSA contract awarded to CA for software licenses and maintenance services. Under Multiple Award Schedule (MAS) contracts like this one, GSA pre-negotiates prices and contract terms for subsequent orders by federal agencies. At the time of CA's contract, contractors were required to fully and accurately disclose to GSA how they conducted business in the commercial marketplace so that GSA could use that information to negotiate a fair price for government agencies using the GSA contract to purchase CA products and services. The contract also contained a price reduction clause that set forth when the contractor had to reduce the prices it charged to the government if its prices to commercial customers improved.

This settlement resolves allegations that CA did not fully and accurately disclose its discounting practices to GSA contracting officers. Specifically, the agreement resolves claims that CA provided false information about the discounts it gave commercial customers for its software licenses and maintenance services at the time the contract was negotiated in 2002 and was extended in 2007 and 2009. Additionally, the settlement resolves claims that CA violated the price reduction clause in the contract by not providing government customers with additional discounts when commercial discounts improved.

"This case illustrates that we will vigorously pursue federal contractors who fail to negotiate and perform their obligations with transparency and fairness," said U.S. Attorney Channing D. Phillips for the District of Columbia. "Together with our federal partners, we will zealously press such claims in court to recover what is owed to the American taxpayer."

"GSA contractors must be honest and forthcoming when doing business with the federal government," said GSA Inspector General Carol Fortine Ochoa. "American taxpayers deserve a fair deal."

The allegations against CA were first made in a whistleblower lawsuit filed under the False Claims Act by Dani Shemesh, a former employee of CA Software Israel LTD. Under the False Claims Act, private individuals can sue on behalf of the government and share in any recovery. The False Claims Act also allows the government

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to intervene and take over the action, as it did, in part, in this case. Shemesh's share of the settlement is \$10.195 million.

This case was handled by the Civil Division's Commercial Litigation Branch, the U.S. Attorney's Office for the District of Columbia, and the GSA Office of Inspector General.

The lawsuit is captioned United States ex rel. Shemesh v. CA, Inc., No. 09-1600 (D.D.C.) The claims resolved by the settlement are allegations only; there has been no determination of liability.

Source: U.S. Department of Justice [press release](#)