Informatica Agrees to Pay $21.57 Million for Alleged False Claims Caused by Its Commercial Pricing Disclosures

Informatica LLC f/k/a Informatica Corporation has agreed to pay $21.57 million to resolve allegations that it caused the government to be overcharged by providing misleading information about its commercial sales practices that was used in General Services Administration (“GSA”) contract negotiations, the Justice Department announced today. Informatica is a software development company, headquartered in Redwood City, California that sells tools for establishing and maintaining data warehouses.

“Companies that negotiate contracts with the government must make complete and accurate disclosures,” said Assistant Attorney General Jody Hunt of the Department of Justice’s Civil Division. “We will continue to hold accountable those who harm taxpayers by withholding critical information from contracting agencies.”

Informatica allegedly knowingly provided false information concerning its commercial discounting practices for its products and services to resellers, who then used that false information in negotiations with GSA for government-wide contracts called “Multiple Award Schedule contracts.” Under these contracts, GSA uses commercial pricing disclosures to negotiate the maximum prices that a vendor can charge government agencies. Here, Informatica’s allegedly false disclosures caused GSA to agree to less favorable pricing, and, ultimately, government purchasers to be overcharged. The settlement also resolves allegations that Informatica caused sales to the United States in violation of the Trade Agreement’s Act, which restricts the country of origin for goods purchased by the government.

“Companies seeking to participate directly or indirectly in government contracts must adhere to applicable rules designed to promote the United States’ objective of prudently expending taxpayer funds by negotiating fair and reasonable pricing for the goods and services it purchases,” said U.S. Attorney for the District of Columbia Jessie K. Liu. “We will pursue recoveries from those that fail to live up to these obligations.”

“This settlement demonstrates our commitment to ensure taxpayers are not overpaying for the products and services they receive.” Carol Fortine Ochoa, Inspector General of the U.S. General Services Administration.

The allegations resolved by this settlement arose from a whistleblower lawsuit filed under the False Claims Act. The act permits private citizens to sue on behalf of the government and share in any recovery. The whistleblower, who is a former employee of Informatica, will receive $4,314,000.

This case was handled by the Justice Department’s Civil Division and the United States Attorney’s Office for the District of Columbia, with assistance from GSA’s Office of Inspector General. The case is captioned United States ex rel. Sullivan v. Informatica Corp., Case No. 15-0716 (D.D.C.).
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The claims resolved by the United States are allegations only, and there has been no determination of liability.

Source: U.S. Department of Justice press release.