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PRESS RELEASE

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**The Gallup Organization Agrees to Pay \$10.5 Million
To Settle Allegations That It Improperly Inflated Contract Prices
And Engaged in Prohibited Employment Negotiations With FEMA Official
FEMA Official Also Settles With the United States**

WASHINGTON – The Justice Department announced today that the Gallup Organization has agreed to pay \$10.5 million to settle allegations that it violated the False Claims Act and the Procurement Integrity Act for conduct involving several of its federal government contracts and subcontracts. Gallup is a polling and market research firm headquartered in Washington, D.C.

The settlement announced today resolves allegations in a complaint filed by the United States in November 2012. The United States' complaint alleged that Gallup knowingly overstated its true estimated labor hours in proposals to the U.S. Mint and State Department for contracts and task orders that were to be awarded without competition. Because of Gallup's conduct, the complaint alleged, the two federal agencies awarded Gallup contracts and task orders at falsely inflated prices. The settlement also resolves allegations that Gallup engaged in improper employment negotiations with a then Federal Emergency Management Agency (FEMA) official, Timothy Cannon, in order to obtain a FEMA subcontract at an inflated price and additional FEMA funding after the subcontract had been awarded.

“Contractors must be honest and straightforward in their contract proposals to the government,” said Stuart F. Delery, Acting Assistant Attorney General for the Civil Division of the Department of Justice. “We will pursue contractors that seek to take advantage of the government by providing estimates that do not reflect their best judgment, or by offering employment to federal officials who have a conflict of interest. This type of misconduct results in inflated contract prices and undermines the integrity of the government’s contracting process.”

Separately, in April 2013, Cannon agreed to pay \$40,000 to the United States to resolve allegations that he violated the Procurement Integrity Act by improperly negotiating for and accepting an offer of employment from Gallup while being personally and substantially involved in Gallup's subcontract with FEMA. In related criminal proceedings, on Jan. 15, 2013, Cannon pled guilty to a violation of 18 U.S.C. § 208, a federal conflict of interest statute, and was subsequently sentenced to probation.

“This case exposed a cozy arrangement between a contractor and a government employee where nobody was looking out for the American taxpayer,” said Ronald C. Machen Jr., U.S. Attorney for the District of Columbia. “With this settlement, we have held the contractor accountable for overbilling the government and returned \$10.5 million to the federal treasury. This significant corporate settlement and the related criminal prosecution should send a clear message that contractors and government officials alike must operate with honor and integrity.”

The False Claims Act allegations against Gallup were originally brought in a lawsuit filed under the whistleblower provisions of the Act by Michael Lindley, Gallup's former Director of Client Services. The False Claims Act prohibits the submission of false claims for government money or property and allows the United States to recover treble damages and penalties for a violation. Under the Act's whistleblower provisions, a private party may file suit on behalf of the United States and share in any recovery. The United States may elect to intervene and take over the case, as it did here. As a result of the settlement with Gallup, Lindley will receive \$1,929,363 as his share of the government's recovery.

The settlement announced today is part of a global civil, criminal, and administrative resolution involving the Department of Justice's Civil Division, the U.S. Attorney's Office for the District of Columbia, and the United States Department of Homeland Security (DHS). After the United States' civil complaint was filed, DHS, the parent organization of FEMA, suspended Gallup from government contracting. In contemplation of resolving the criminal and civil investigations, Gallup recently entered into an Administrative Agreement with DHS, under which Gallup agreed to enhance its corporate compliance and ethics programs. As a result, DHS lifted the suspension of Gallup. Contemporaneous with the civil settlement, Gallup has entered into a Non-Prosecution Agreement with the U.S. Attorney's Office for the District of Columbia related to the FEMA conflict of interest allegations, in which Gallup has further agreed to strengthen its corporate compliance and ethics programs and to pay a penalty of \$50,000.

The criminal investigation was conducted by the FBI and the Inspectors General for DHS and the General Services Administration (GSA).

The Deputy Inspector General for the Department of State, Harold W. Geisel, said, “We are very pleased with the successful resolution of this case, and I commend the dedication of our OIG investigators in these complicated investigations. Our efforts should reinforce our commitment to American taxpayers to recover funds from contractors who have unlawfully claimed them.”

P. Brian Crane, Assistant Inspector General for Investigations, Treasury Office of Inspector General, would like to thank the U.S. Department of Justice and all agents involved in this case, and states that his office is committed to investigating contract fraud within Treasury's bureaus, and is pleased with the outcome of this investigation.

"We are vigilant to protect taxpayers from contractors who overcharge the government," said GSA Inspector General Brian D. Miller.

The claims asserted in the government's complaint are allegations only and there has been no determination of liability. The case is United States ex rel. Lindley v. The Gallup Organization, No-09-cv-01985 (D.D.C.).

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