



Department of Justice

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VIRGINIA-BASED CORPORATION AGREES TO PAY \$5.75 MILLION TO RESOLVE FALSE CLAIMS ACT ALLEGATIONS

Tampa, FL – The Justice Department announced today that Science Applications International Corporation (SAIC) will pay \$5.75 million to the federal government to resolve a lawsuit alleging violations of the False Claims Act. SAIC, headquartered in McLean, Virginia, is a defense contractor that provides professional engineering and other services to various agencies and departments of the United States.

The lawsuit centered on a General Services Administration Blanket Purchase Agreement (BPA) awarded to SAIC, in September 2006, for the provision of professional engineering and consulting services. Those services aided non-traditional assessment (NTA) work, which is the study and evaluation of the military utility of new products and emerging technologies. Through nineteen Task Orders issued under the BPA, SAIC performed NTA work for multiple DOD entities including U.S. Central Command at MacDill Air Force Base in Tampa, as well as the Coalition and Irregular Warfare Center at Nellis AFB in Las Vegas, Nevada.

The General Services Administration (GSA) is an agency of the United States Government. Through its Federal Acquisition Service, GSA assists in the management and support of other federal agencies and government components through the provision of products and services to them. In some instances, GSA will assist a federal government agency by issuing a competitive contract solicitation for services required by that agency.

The United States contends that SAIC personnel aided others to induce GSA to issue the BPA solicitation by misleading GSA personnel into believing they were issuing the BPA on behalf of a federal government agency. In fact, the solicitations were issued on behalf of an entity associated with a state institution in New Mexico. An employee of that state institution was appointed to review cost proposals and billings by SAIC, but failed to discharge his duties independently by, among other things, not properly

reviewing and vetting cost and scope of work estimates prepared by SAIC. Additionally, the government alleges that SAIC, and others, promoted the BPA to various DOD entities as a contract vehicle that had already been subject to competition, thereby bypassing truly competitive bidding on that work.

Pursuant to the settlement, SAIC will make a one-time payment of \$5,750,000.00 to the United States. The DOD entities will retain all work performed, or work product created by SAIC, under the BPA. The U.S. will not pay any further monies for that work, nor remit or refund any monies to SAIC for that work.

“Federal contracts must be awarded based on full disclosure and fair dealing,” said Stuart F. Delery, Acting Assistant Attorney General for the Civil Division of the Department of Justice. “It is completely unacceptable for taxpayer dollars to be paid under circumstances where the integrity of the contracting process has been undermined.”

“This recovery illustrates the emphasis and resources we place on detection and recovery of fraud, waste, and abuse in government procurement contracts – particularly those involving defense contractors and others who supply goods and services to the Department of Defense, the branches of our military, and their bases,” said Robert E. O’Neill, U.S. Attorney for the Middle District of Florida.

"SAIC received a contract, awarded by GSA, from a fictitious government agency," said GSA Inspector General Brian D. Miller. "This deceptive scheme shows that we must be on the lookout for all forms of contract fraud."

The lawsuit was filed by a whistleblower (also known as a relator), under the qui tam provisions of the False Claims Act, which allows private parties to file suit on behalf of the United States and share in any recovery. Timothy Ferner, a former active-duty Lt. Colonel assigned to the CIWC, made the allegations which initiated the government’s investigation. Ferner will receive a \$977,500.00 share of the recovery from SAIC.

This case was investigated jointly by Assistant U.S. Attorney Charles Harden of the United States Attorney’s Office for the Middle District of Florida, Trial Attorneys Don Williamson and Niall O’Donnell of the Commercial Litigation Branch of the Justice Department’s Civil Division, and Assistant Special Agent in Charge James Taylor of the Atlanta Office of the Inspector General for GSA. Substantial investigative support was also provided by agents from the Tampa Resident Agency of the Defense Criminal Investigative Service, the Melbourne Major Procurement Fraud Unit of the U.S. Army Criminal Investigation Command, and the MacDill Detachment of the Air Force Office of Special Investigations.

The claims settled by today’s agreement are allegations only; there has been no determination of liability.

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