



## Press Release

### **Austin Law Firm Lawrence, Arenella & Satija Wins Multimillion Dollar Settlement in “Whistle Blower” Case**

#### *Fluor Corporation Agrees to Pay \$12.5M to Settle Lawsuit in Compliance Case that Stretched over Five Years*

**Austin, TX – October 31, 2005** – Austin law firm Lawrence, Arenella & Satija, LLP, announced today that partner Paul Lawrence secured a \$12.5 million settlement for his client and the federal government in a suit filed under the Federal False Claims Act against Fluor Corporation. The suit filed on behalf of Cosby Coleman, a 15- year employee who worked in the company’s government contracting office, contended that from 1995 to 1998 Fluor knowingly over billed the government under the many cost-reimbursable contracts held by its Fluor Daniel subsidiary (now known as Fluor Enterprises) with the Departments of Energy and Defense.

Fluor Corporation (NYSE: FLR) provides services on a global basis in the fields of engineering, procurement, construction, operations, maintenance and project management. Headquartered in Aliso Viejo, California, Fluor is a FORTUNE 500 company with revenues of \$9.4 billion in 2004. It has recently been in the news as the recipient of large no-bid contracts from FEMA for Hurricane Katrina cleanup operations.

Lawrence filed Coleman’s whistle blower case in California in March 2000 pursuant to a federal statute signed into law by President Abraham Lincoln to permit whistle blowers to file “qui tam” suits in the name of the government and share in monies recovered from contractors who have submitted false claims. Coleman alleged that Fluor Daniel used a fictitious accounting entity, Fluor Daniel Federal Operations, to recover corporate overhead costs that were not proper under the government’s cost accounting standards.

The costs disputed by Coleman included multi-million dollar bonuses paid to Fluor’s management, \$13.2 million invested in raw land, \$7.3 million spent for improvements to office buildings Fluor leased to other companies, \$2.6 million spent for construction of a parking garage Fluor leased to another company, \$410,000 spent for luxury condos in Palm Springs, \$1.8 million spent on a fine art collection, \$75,000 spent for a Mercedes Benz convertible driven by the company’s President and \$20,000 spent for an antique Chippendale chair. Coleman alleged that he made numerous attempts to point out the violations to senior management, but no action was taken.

By order of the court, the case was sealed and kept out of the public’s eye for five and a half years. During this time the Justice Department investigated Coleman’s claims and Fluor attempted to convince the government not to intervene in the action. In a supplemental complaint filed in 2004, Coleman alleged that after his suit was filed, Fluor retaliated against him by stripping him of all job responsibilities and isolating him

in a windowless office with no work to perform and no communication with co-workers for more than three years. Coleman alleged that when he was unable to endure the tedium and isolation any longer, he resigned his position with the company in May, 2004.

“This has been an incredible David vs. Goliath battle for both Cosby Coleman and our firm,” stated Paul Lawrence, partner in Lawrence, Arenella & Satija. “We have spent over five years fighting this giant multi-national corporation’s efforts to delay and dissemble. Fluor first attacked Coleman’s allegations through the work of a Los Angeles defense firm founded by the investment partner of America’s richest man. When that didn’t work, they went to Washington and hired a K Street firm that served as President Reagan’s personal counsel. Fluor spent untold sums in its attempts to confuse and influence the Justice Department, but in the end the career public servants at Justice recognized this situation for what it was and intervened on August 9<sup>th</sup> to take over the prosecution of our case. Once that occurred, the case quickly settled,” Lawrence said.

Lawrence described Coleman as an “exemplary” whistleblower who placed his career on the line and crisscrossed the country repeatedly to meet with government investigators, sort through rooms full of irrelevant documents produced by Fluor and help government auditors interpret the sometimes arcane Cost Accounting Standards (CAS) and Federal Acquisition Regulations (FAR). “Coleman knows the CAS and FAR by heart,” Lawrence said, “because he served for years as a contracting officer for the government before joining Fluor’s compliance department.”

Coleman and Lawrence will receive \$2.75 million as the whistle blower’s share of the government’s recovery. Fluor is also paying Coleman and Lawrence an undisclosed sum to settle Coleman’s claim that he suffered retaliation and Lawrence’s claim for attorney’s fees. The terms of this additional settlement are confidential.

In a similar whistle-blower suit in 2001, Fluor agreed to pay \$8.2 million to the government and Patrick Hofer, the company’s former director of governmental financial compliance.

**About Lawrence Arenella Satija, LLP**

Located in Austin, Texas, our firm provides a full spectrum of legal services for issues that affect your business, including business entity formation, general counsel services, multimedia law, intellectual property law, business asset protection, litigation and commercial bankruptcy. Our attorneys have more than 50 collective years of experience representing individuals, entrepreneurs, and businesses at all stages of growth-- from startups to Fortune 500 companies. Further information on the firm can be found at <http://www.lasfirm.com>.

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