PARSONS ENGINEERING PAYS U.S. $3,225,000 TO SETTLE FRAUD CLAIMS

WASHINGTON, D.C. -- Parsons Engineering Sciences Inc. of Pasadena, California, will pay the United States $3,225,000 to settle allegations the company knowingly billed the government on two Air Force contracts for employees' labor rates that were too high for their work experience, the Department of Justice announced today.

Assistant Attorney General for the Civil Division Frank Hunger said the payment settles a qui tam lawsuit, United States ex rel. Tucker v. Engineering Sciences, Inc., filed in U.S. District Court in Raleigh, North Carolina, on April 21, 1993, by J.R. Tucker, a former Parsons employee, on behalf of the United States. Tucker will receive $354,750 of the recovery.

A government investigation disclosed the mischarging by Parsons may have been unintentional at the start but continued even after the company discovered the discrepancies. Parsons told the government about the excessive invoices six months after discovering the error, then offered to correct the invoices for an amount that grossly underestimated the mischarged amount.

"We hope this settlement sends the message that there is no 'grace period' for internal investigation while a contractor continues to submit knowingly inflated bills to the government," said Hunger. "We are pleased, however, that Parsons worked with us to identify the problem and compensate the government for the excessive charges."

Today's settlement involved mischarges at Brooks Air Force Base in Texas for six months from late 1992 through early 1993 on two contracts under which Parsons billed the government a total of $76 million for environmental surveys and similar services from April 1992 through December 1994. The settlement also included a recovery for the period when the excessive billing appears to have been unintentional.

Under the qui tam provisions of the False Claims Act, a private party can file a suit on behalf of the government and receive a portion of the recovery if the United States takes over the case and prosecutes it successfully. In this action, the government, which alleged Parsons was liable under the False Claims Act, intervened on October 3, 1994.

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