CASE ENTRY

Assign Num: I060151
Title: DEBARMENT, BEARING POINT (FORMERLY KPMG CONSULTING)
City: MC LEAN
Type: Suspension and Debarment
Subtype: Source & Region: JR 9
Class: Debarment
Source Number: 1030070
Priority: Class I Priority (I & V Cases)
GSA ID: NCR - FSS
Date Opened: 04/25/2006
Date Inv Comp: 05/03/2006
Date Closed:
Case Result:

Predication/Allegation:

On December 22, 2005 Bearing Point (formerly KPMG Consulting) agreed to a settlement in which the U.S. Government was a party. Bearing Point was alleged to have received secret rebates from preferred providers in the travel industry yet billed the Government full face value without a direct reduction on the amount invoiced or credit to the Government. Bearing Point settled rather than face litigation and paid the Government $15,000,000.00. The Government did not release its right to pursue suspension / debarment actions.

Assisting Agency:
Work Plan 1060151

INVESTIGATIVE WORKPLAN

INVESTIGATIVE ISSUE: On December 22, 2005 Bearing Point (formerly KPMG Consulting) agreed to a settlement in which the U.S. Government was a party. Bearing Point was alleged to have received secret rebates from preferred providers in the travel industry yet billed the Government full face value without a direct reduction on the amount invoiced or credit to the Government. Bearing Point settled rather than face litigation and paid the Government $15,000,000.00. The Government did not release its right to pursue suspension / debarment actions.

POSSIBLE VIOLATIONS: 31 USC 3729 False Claims Act

ENTITY

Assignment Number: 1060151
Entity Type: S
Entity Status: D
Entity Number: 1

Last Name, First Name, Middle Initial, Suffix

Social Security Number

Position Code

Federal Pay Plan Grade

Date of Birth Month/Day/Year

OR

Company/Place/Issue: BEARING POINT INC
Dun & Bradstreet Number: 014097146

Address

1676 INTERNATIONAL DR
MC LEAN, VA  22102

For RIGI Use:
**CASE CLOSING AUTHORIZATION**

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**CASE CATEGORY:** Debarment  
**FIELD OFFICE:** SF GSA/OIGJI-9

### ADMINISTRATIVE ACTIONS

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**COMMENTS**

*Referred*

**CLOSURE AUTHORIZED**

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MEMORANDUM FOR GREGORY G. ROWE  
DEPUTY ASSISTANT INSPECTOR GENERAL  
OFFICE OF INVESTIGATIONS (JI)  

FROM:  
LIZA SHOVAR  
SPECIAL AGENT IN CHARGE  
OFFICE OF INVESTIGATIONS (JI-9)  

SUBJECT:  
LETTER REPORT  
FILE NUMBER: 106-0151  

BEARINGPOINT INC  
(Formerly KPMG Consulting)  
1676 International Dr.  
Mc Lean, VA 22102  

DUNS: 01-409-7146  

This memorandum serves as the Final Report of Investigation regarding this matter.  

On August 31, 2001, realtor Neal A. Roberts filed a Complaint for Violations of the False Claims Act in the Central District of California. In the complaint, Roberts alleged that during the last ten years BEARINGPOINT directly or indirectly provided accounting, auditing, consulting, and other various services to the United States Government for which the Government was directly or indirectly billed for the services and certain costs associated with those services. Included in the costs were travel related costs such as airline tickets, hotel rooms, rental cars, and credit card services. BEARINGPOINT had long received secret rebates of a significant percentage of the face value of services received from the providers of these travel related services, yet BEARINGPOINT concealed the existence of these rebates and billed the Government the face amount of travel related costs without any direct reduction or credit for the rebate. BEARINGPOINT was not allowed to seek reimbursement from the Government for expenses that BEARINGPOINT did not actually incur, yet BEARINGPOINT did so as the primary contractor and as a subcontractor.  

BEARINGPOINT violated the False Claims Act by making false claims for payment, supporting such false claims with false records and statements, and conspiring in connection with such false claims, false records and statements. Such false statements explicitly or implicitly communicated that the compensation sought by BEARINGPOINT for reimbursement of certain
costs for travel related expenses were the same as the amounts actually paid by BEARINGPOINT for such costs. In fact, BEARINGPOINT received secret rebates of a significant percentage of such costs, and concealed from the Government the existence, size, scope, and nature of such rebates. Unaware of the existence of the secret rebates, the Government made payment for reimbursement of the costs that were not actually incurred by BEARINGPOINT. By creating and/or using a false statement in connection with claims for payment based upon the face amounts of travel related costs, BEARINGPOINT falsely, or in deliberate ignorance or reckless disregard, acted in violation of the Federal False Claims Act, 31 USC § 3729(a)(2). As a direct consequence of BEARINGPOINT’S conduct, the Government sustained losses and/or damages.

A multi-agency investigation substantiated the allegations, resulting in Government intervention in the case and a negotiated settlement on December 22, 2005. In the settlement, the government did not release its right to pursue suspension or debarment actions.

The multi-agency investigation found that BEARINGPOINT had received rebates from preferred travel service providers, but did not provide the Government with a direct reduction or credit for the rebates received by BEARINGPOINT.

On July 26, 2006, GSA, Office of Inspector General (OIG), recommended suspension or debarment against BEARINGPOINT for receiving travel rebates that were not accommodated in billing the Government, either directly or indirectly.

On October 23, 2006, George N. Barclay, GSA, Acting Suspension and Debarment Official, declared that after reading BEARINGPOINT’S response to the allegations that no administrative action against BEARINGPOINT was necessary to protect the Government’s interest.

At this time, this office is closing the investigation. Any questions relating to the investigation can be directed to Special Agent [redacted] at [redacted].
**DOCUMENT RECEIPT**

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GENERAL SERVICES ADMINISTRATION

This copy to be returned promptly to office of sender.

GSA FORM 3481 (5-81)
On October 23, 2006, Special Agent (SA) [redacted] of General Services Administration (GSA), Office of the Inspector General (OIG) received a Termination of Inquiry for Possibly Administration Action Against Bearing Point, Inc. This company was suspected of receiving travel rebates that were not accommodated in billing the Government, either directly, or indirectly.

Per this document, drafted by [redacted] Acting Suspension and Debarment Official, it was concluded that no administrative action against Bearing Point, Inc., was necessary at this time to protect the Government's interest.

Attachment:

1) Termination of Inquiry for Possibly Administration Action Against Bearing Point, Inc. (1 page)
Certiﬁed Mail – Return Receipt Requested

Mr. Harry L. You
Chief Executive Ofﬁcer
Bearing Point, Inc.
1676 International Drive
McLean, VA 22102

Re: Termination of Inquiry for Possible Administrative Action Against Bearing Point, Inc.

Dear Mr. You:

On August 18, 2006, I wrote to you as Bearing Point, Inc.'s CEO in my capacity as the Acting Suspension and Debarment Ofﬁcial for the General Services Administration (GSA). My inquiry into whether Bearing Point, Inc., was maintaining the requisite standards of responsibility to contract with the Government was based partly on a referral from the GSA Ofﬁce of Inspector General regarding received travel rebates that were not accommodated in billing the Government, either directly or indirectly.

I have considered the information Bearing Point, Inc., has presented in response to GSA's inquiry and concluded that no administrative action against Bearing Point is necessary at this time to protect the Government's interest.

Sincerely,

[Redacted]
Acting Suspension and Debarment Ofﬁcial

Cc: William A. Roberts, III
Wiley, Rein & Fielding, LLP
1776 K Street, NW
Washington, D.C. 20006

U.S. General Services Administration
1800 F Street, NW
Washington, DC 20505-0002
www.gsa.gov
CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Mr. Harry L. You  
Chief Executive Officer  
Bearing Point, Inc.  
1676 International Drive  
McLean, VA 22102

Re: Show Cause Letter

Dear Mr. You:

As the Acting Suspension and Debarment Official for the General Services Administration (GSA), it is my responsibility to take administrative action when necessary to protect the Federal government’s interest from contractors that I determine to be presently irresponsible. I have received information from GSA’s Office of Inspector General (OIG) that raises concerns about Bearing Point, Inc.’s business practices and ethics in the context that the company concealed the existence of travel-related rebates and billed the Government the face amount of travel-related costs without any direct reduction or credit for the rebates. These offenses indicate a lack of business integrity and/or business honesty that can seriously and directly affect Bearing Point, Inc.’s ability to do business with the Federal government.

A referral dated July 26, 2006, from the GSA OIG indicates that an action was filed against KPMG Consulting, now known as Bearing Point, Inc., on August 31, 2001. A multi-agency investigation substantiated a relator’s allegations, resulting in Government intervention on or about December 22, 2005 solely to implement a settlement.

According to the investigation, the relator stated that, for the 10 years preceding his complaint, KPMG Consulting, now known as Bearing Point, Inc., directly or indirectly provided accounting, auditing, consulting, and other services to the U.S. Government for which the Government was billed. Allegedly included in the costs billed to the Government were travel expenses, such as airline tickets, hotel rooms, rental cars, and credit card services, for which KPMG Consulting, now known as Bearing Point, Inc., received secret rebates from the service providers equaling a significant percentage of the face value of the services. Yet KPMG Consulting, now known as Bearing Point, Inc., concealed the existence of these rebates and billed the Government the face amount of the travel-related costs without any direct reduction or credit for the rebates. Unaware of the
travel-related rebates, the Government reimbursed KPMG for costs that were not actually incurred by the company. As noted above, I am aware that Bearing Point, Inc., formerly known as KPMG Consulting, signed an Agreement with the Government with respect to other matters. Please note that the allegations herein, however, rise to the level of a False Claims Act violation. Further, the Settlement Agreement reached with the Government does not affect its abilities to pursue administrative remedies, including suspension and debarment.

Before I make any determinations about taking administrative action to protect the Government's interest on the basis of the information summarized above, I am giving Bearing Point, Inc., ten (10) days from receipt of this letter to provide me with information and argument specifying why Bearing Point, Inc., should be allowed to continue to contract with the Federal government.

Any questions or comments should be directed to me at (202) [redacted] or by email at [redacted]@gsa.gov.

Sincerely,

[Signature]

Acting Suspension and Debarment Official
Fax

U.S. General Services Administration
www.gsa.gov

GSA, Office of Inspector General
Office of Investigations (3-9)
450 Golden Gate Avenue, Suite 7-2252
San Francisco, CA 94102

Date: 8/22/06
Number of pages (including cover sheet): 12

To: [Redacted]

Telephone: [Redacted]

Fax: 253-931-7108

From: [Redacted]

Telephone: [Redacted]

Fax (415) 522-2780

Subject: Repeatments Response

Case File #’s: ID60135, ID40186

Comments: Please Update IIS
Suspension/Debarment, File Number 06-0151 was delivered to Office of Acquisition (VB) on August 9, 2006.

Suspension/Debarment, File Number 06-0145 was delivered to Office of Acquisition (VB) on August 9, 2006.
Case Entry Report - Printed Screen

5/2/2007

Assign No: 1060151
Title: DEBARMENT, BEARING POINT (FORMERLY KPMG CONSULTING)

Region: 9
Res Off:

City: MC LEAN
State: VA

Type: 3 - Suspension and Debarment
Subtype: C - Contractor Case
Class: UDB - Debarment
Priority: A - Class I Priority (I & V Cases)
GSA ID: 0WF - NCR - FSS

Agent: [Redacted]
Source: JR - OIG/UI Investigative Case (Requires I Number)

Source Region: 9
Source Num: 1030070
Days Open: 8
Hours Worked: 25
Open Date: 04/25/2006
Inv. Comp. Date: 05/03/2006
Closed Date: 04/16/2007
Impact: Y
Case Result: NAT - No Action Warranted Based on Investigative Findings
Case Entry Report - Printed Screen

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CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Mr. Harry L. You
Chief Executive Officer
Bearing Point, Inc.
1678 International Drive
McLean, VA 22102

Re: Termination of Inquiry for Possible Administrative Action Against Bearing Point, Inc.

Dear Mr. You:

On August 18, 2006, I wrote to you as Bearing Point, Inc.’s CEO in my capacity as the Acting Suspension and Debarment Official for the General Services Administration (GSA). My inquiry into whether Bearing Point, Inc., was maintaining the requisite standards of responsibility to contract with the Government was based partly on a referral from the GSA Office of Inspector General regarding received travel rebates that were not accommodated in billing the Government, either directly or indirectly.

I have considered the information Bearing Point, Inc., has presented in response to GSA's inquiry and concluded that no administrative action against Bearing Point is necessary at this time to protect the Government’s interest.

Sincerely,

[Redacted]

Acting Suspension and Debarment Official

Cc: [Redacted]
Wiley, Rein & Fielding, LLP
1776 K Street, NW
Washington, D.C. 20006
CERTIFIED MAIL—RETURN RECEIPT REQUESTED

James S. Turley, Chairman and C.E.O.
Ernst & Young LLP
787 7th Avenue
New York, NY 10019

Re: Show Cause Letter

Dear Mr. Turley:

As the Acting Suspension and Debarment Official for the General Services Administration (GSA), it is my responsibility to take administrative action when necessary to protect the Federal government’s interest from contractors that I determine to be presently nonresponsible. I have received information from GSA’s Office of Inspector General (OIG) that raises concerns about Ernst & Young LLP’s (Ernst & Young) business practices and ethics in the context that the company concealed the existence of travel-related rebates and billed the Government the face amount of travel-related costs without any direct reduction or credit for the rebates. These offenses indicate a lack of business integrity and/or business honesty that can seriously and directly affect Ernst & Young’s ability to do business with the Federal government.

A referral dated August 9, 2006, from the GSA OIG notes that an action was filed against Ernst & Young on August 31, 2001. A multi-agency investigation substantiated a relator’s allegations, resulting in Government intervention on or about December 22, 2005, solely to implement a settlement.

According to the OIG investigation, the relator stated that, for the 10 years preceding his complaint, Ernst & Young directly or indirectly provided accounting, auditing, consulting, and other services to the U.S. Government for which the Government was billed. Allegedly included in the costs billed to the Government were travel expenses, such as airline tickets, hotel rooms, rental cars, and credit card services, for which Ernst & Young received secret rebates from the service providers equaling a significant percentage of the face value of the services. Yet Ernst & Young concealed the existence of these rebates and billed the Government the face amount of the travel-related costs without any direct reduction or credit for the rebates. Unaware of the travel-related rebates, the Government reimbursed Ernst & Young for costs that were not actually incurred by the company. As noted above, I am aware that Ernst & Young signed an Agreement with the Government with respect to other matters.
Please note that the allegations herein, however, rise to the level of a False Claims Act violation. Further, the Settlement Agreement reached with the Government does not affect its abilities to pursue administrative remedies, including suspension and debarment.

Before I make any determinations about taking administrative action to protect the Government’s interest on the basis of the information summarized above, I am giving Ernst & Young LLP ten (10) days from receipt of this letter to provide me with information and argument specifying why Ernst & Young LLP should be allowed to continue to contract with the Federal government.

Any questions or comments should be directed to me at [redacted] or by email at [redacted] @gsa.gov.

Sincerely,

[redacted]

Acting Suspension and Debarment Official
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Mr. Harry L. You
Chief Executive Officer
Bearing Point, Inc.
1676 International Drive
McLean, VA 22102

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A referral dated July 26, 2006, from the GSA OIG indicates that an action was filed against KPMG Consulting, now known as Bearing Point, Inc., on August 31, 2001. A multi-agency investigation substantiated a relator’s allegations, resulting in Government intervention on or about December 22, 2005 solely to implement a settlement.

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Any questions or comments should be directed to me at [redacted] or by email at [redacted]@gsa.gov.

Sincerely,

[redacted]

Acting Suspension and Debarment Official
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This copy to be returned promptly to office of sender.
July 26, 2006

MEMORANDUM FOR

ASSISTANT INSPECTOR GENERAL
FOR INVESTIGATIONS (JI)

FROM:

SPECIAL AGENT IN CHARGE
FOR INVESTIGATIONS (JI-9)

SUBJECT: RECOMMENDATION FOR CONSIDERATION OF
SUSPENSION / DEBARMENT

REFERENCE: Investigation I06-0151

BEARING POINT INC
(formerly KPMG Consulting)
1676 International Dr.
McLean, VA 22102

DUNS: 01-409-7146

This memorandum transmits a recommendation for consideration of suspension /debarment of
the above captioned subject.
For further information regarding this case, please contact Special Agent [Redacted] at [Redacted].

Concurrence Copy:

(JC)________________________

(JI)________________________

(JIB)______________________
July 26, 2006

MEMORANDUM FOR

ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS (JI)

FROM:

SPECIAL AGENT IN CHARGE FOR INVESTIGATIONS (JI-9)

SUBJECT:

RECOMMENDATION FOR CONSIDERATION OF SUSPENSION / DEBARMENT

REFERENCE:

Investigation I06-0151

BEARING POINT INC
(formerly KPMG Consulting)
1676 International Dr.
Mc Lean, VA 22102

DUNS: 01-409-7146

This memorandum transmits a recommendation for consideration of suspension /debarment of the above captioned subject.
For further information regarding this case, please contact Special Agent [REDACTED] at [REDACTED].

Concurrence Copy:

(JC) [REDACTED]

(JJ) [REDACTED]

(JIB) [REDACTED]
MEMORANDUM FOR

ASSISTANT INSPECTOR GENERAL
FOR INVESTIGATIONS (JI)

FROM:

SPECIAL AGENT IN CHARGE
FOR INVESTIGATIONS (JI-9)

SUBJECT:

RECOMMENDATION FOR CONSIDERATION OF
SUSPENSION / DEBARMENT

REFERENCE:

Investigation 106-0151

BEARING POINT INC
(formerly KPMG Consulting)
1676 International Dr.
Mc Lean, VA 22102

DUNS: 01-409-7146

This memorandum transmits a recommendation for consideration of suspension / debarment of
the above captioned subject.
For further information regarding this case, please contact Special Agent [redacted] at [redacted].

Concurrence Copy:

(JC) __________________________

(JI) __________________________

(JIB) __________________________
July 26, 2006

MEMORANDUM FOR

ACTING SUSPENSION AND DEBARMENT OFFICIAL
OFFICE OF ACQUISITION INTEGRITY (VB)

FROM:

ASSISTANT INSPECTOR GENERAL
FOR INVESTIGATIONS (JI)

SUBJECT:

RECOMMENDATION FOR CONSIDERATION OF
SUSPENSION / DEBARMENT

REFERENCE:

Investigation IO6-0151

BEARING POINT INC
(formerly KPMG Consulting)
1676 International Dr.
McLean, VA 22102

DUNS: 01-409-7146

This memorandum contains a recommendation that you consider instituting suspension / debarment proceedings against BEARING POINT (Attachment 1):

BACKGROUND
INVESTIGATIVE FINDINGS

CONCLUSION
ATTACHMENTS:

1. Dun and Bradstreet federal information report. Dated April 19, 2006 (34 pages)

2. [Redacted]


4. Settlement Agreement. Dated December 22, 2005 (17 pages)
DISPOSITION REPORT

DATE:

FROM:

SUBJECT:

TO:

Returned is your Report of Investigation, which has been reviewed, evaluated, and final disposition made as indicated in the checklist below. The nature of the administrative action is explained under DETAILS.

1. Personnel Action

2. Suspension/Debarment Action

3. Claims Awarded, Settled, or Denied - $ __________

4. Restitution by Contractor - $ __________

5. Savings to the Government - $ __________

6. Agency Regulations Revised

7. No Action Warranted

8. Other

(DETAILS: Summarize details of action, including names of persons and firms involved. If “no action warranted,” give reasons. Enclose documentation supporting the disposition.)

________________________________________
Signature and Title of Authorized Official

________________________________________
Date

COMMENT: (For Use of Office of Inspector General, GSA)

Office of Investigations (JI-9)
450 Golden Gate Avenue, San Francisco, CA 94102-3434
Federal Information Report

To save report(s) to your PC, click here for instructions.

ATTN:

Report Printed: APR 18 2006
In Date

BUSINESS SUMMARY

BEARINGPOINT, INC
1676 International Dr
Madison, WI 53703
IN THE UNITED STATES DISTRICT COURT
CENTRAL DISTRICT, STATE OF CALIFORNIA

UNITED STATES OF AMERICA, ex rel. NEAL A. ROBERTS and NEAL A. ROBERTS,
individually,

Plaintiffs,

vs.

KPMG LLP, a Delaware Limited Liability Partnership; KPMG INTERNATIONAL, a
Swiss Verein; and KPMG CONSULTING, INC., a Delaware Corporation,

Defendants.

Plaintiffs, for claims against Defendants, complain and allege as follows:

I. INTRODUCTION

1. This is an action for violations of the federal False Claims Act, 31 U.S.C. § 3729,
et seq., brought by Neal A. Roberts as Relator ("Relator"), pursuant to 31 U.S.C. § 3730(b).
Relator seeks treble damages, statutory civil penalties, costs and attorneys’ fees on behalf of both
The United States of America and for himself pursuant to 31 U.S.C. § 3730(b). The United
States and Relator may be collectively referred to herein as the "Plaintiffs."
2. In short, the complaint avers that: a) Defendants directly and/or indirectly provide accounting, auditing, consulting and/or other various services/products ("service(s)") to The United States, together with its departments, agencies, divisions, bureaus and branches (collectively "The United States" or the "government") for which the government is directly or indirectly billed for both Defendants' services and certain costs associated with such services; b) The United States directly and/or indirectly pays for Defendants' services and costs associated with such services; c) included within such costs are travel-related costs, including those for airline tickets, hotel rooms, rental cars, and credit card services; d) Defendants have long received from certain airlines, hotel chains, rental car providers, credit card issuers, and other entities, secret rebates of a significant percentage of the face amount of the underlying service/product provided to Defendants; e) rather than disclosing the existence of such rebates to The United States, Defendants have violated the False Claims Act by long concealing from the government Defendants' receipt of such rebates and by billing the government the face amount of such costs, without any direct reduction or credit for the rebate.

3. The complaint avers that Defendants have violated and continue to violate the False Claims Act by making the false claims for payments described above, supporting such false claims with false records and statements, and conspiring with each other in connection with such false claims, false records and statements.

4. The complaint also avers losses to The United States in the Tens of Millions of Dollars in connection with such false claims.

II. JURISDICTION, VENUE AND PARTIES

5. Jurisdiction of this Court is founded upon 28 U.S.C. § 1331, 31 U.S.C. § 3732 and 28 U.S.C. § 1345, because The United States is a party and this is an action for violation of the False Claims Act. The actions of Defendants described herein have not been publicly disclosed within the meaning of 31 U.S.C. § 3730(e)(4). If, however, in the future it were determined by a court of competent jurisdiction that a public disclosure had occurred then Relator would be an "Original Source" within the meaning of 31 U.S.C. § 3730(e)(4)(A) and (B), Relator having advised The United States of the allegations and circumstances set forth herein.
prior to filing this complaint.

6. Pursuant to 31 U.S.C. § 3730(a)(2), simultaneous with the filing of this complaint under seal with The United States District Court for the Central District of California, Relator caused a copy of this Complaint to be delivered to the Attorney General of The United States and to The United States Attorney for the Central District of California, via Certified Mail, Return Receipt Requested.

7. Pursuant to 28 U.S.C. § 1391(b), venue lies in this District of the State of California because Defendants previously conducted and/or presently conduct business within the State of California, and the claims set forth herein arose in part within the Central District of the State of California.

8. Relator, Neal A. Roberts, is a resident of Santa Monica, California, and alleges those matters set forth herein upon information and belief.

9. KPMG LLP ("KPMG") is a Delaware Limited Liability Partnership, with a principal place of business located at 345 Park Avenue, New York, New York, 10154. KPMG is the United States member firm of KPMG International. Defendant KPMG International ("KPMG International") is a Swiss Verein, with a principal place of business located at Burgemeester Rijnderslaan 20, 1185 MC Amstelveen, The Netherlands. At all times relevant herein, Defendants KPMG and KPMG International directly and/or indirectly provided accounting, auditing, financial, consulting and/or other various services to a variety of public and private clients including, without limitation, The United States.

10. Defendant KPMG Consulting Inc. ("KPMG Consulting") was formed in 1997 as a division of KPMG LLP, and was incorporated in 2000, with a principal place of business located at 1676 International Drive, McLean, Virginia, 22102. Since 1997, Defendant KPMG Consulting directly and/or indirectly provided accounting, auditing, financial, consulting and/or other various services to a variety of public and private clients including, without limitation, The United States.

11. Defendants KPMG, KPMG International, and KPMG Consulting and their predecessors, successors, affiliates, subsidiaries and divisions form a single business enterprise
and are hereinafter collectively referred to as "Defendants."

12. Relator is informed and believes, and on that basis avers, that Defendants
conspired with one another in presenting false claims for payment and in supporting such false
claims with false records and/or statements, all in violation of the False Claims Act.

13. In the case alleging complex false claims over an extended period of time against
corporate defendants, the documents and other information related to specific allegations are
particularly in the Defendants' exclusive knowledge, possession, custody and control.
Information that cannot be obtained without discovery, which the Relator has had no opportunity
to conduct, is pled upon information and belief supported by factual allegations upon which the
belief is reasonably founded. Defendants' schemes and continuing course of group and
individual conduct in submitting false claims for payment in invoices to The United States are set
out with a description of the allegedly false mechanisms employed.

COUNT ONE

(Violation of 31 U.S.C. § 3729(a)(1))

(Presenting A False Claim For Payment or Approval)

(Against All Defendants)

14. Plaintiffs fully incorporate in this Paragraph each and every averment contained in
Paragraphs 1 through 13 of this Complaint as if they were iterated verbatim herein.

15. Defendants have entered into contractual relationships with The United States by
which Defendants have provided and continue to provide The United States directly with
services/products ranging from accounting or auditing, to financial, consulting or other various
services/products ("Direct Services").

16. In consideration for such Direct Services, Defendants receive from The United
States compensation for both the services performed as well as reimbursement for certain costs
or expenses actually incurred by Defendants in connection with the performance of such services.

17. Pursuant to the terms of the contractual relationship between the Defendants and
The United States, and pursuant to applicable laws, statutes and regulations, including, without
limitation, Federal Acquisition Regulations ("FARs"), Defendants may properly seek
reimbursement from The United States only of the costs or expenses associated with Direct
Services that are actually incurred or sustained by Defendants.

18. Pursuant to the relevant contracts, laws, statutes and regulations, including,
without limitation, FARs, Defendants are not allowed to seek reimbursement from The United
States of costs or expenses associated with Direct Services that Defendants do not actually incur
or sustain.

19. Pursuant to the terms of the relevant contracts, laws, statutes and regulations,
including, without limitation, FARs, Defendants are allowed to seek reimbursement from The
United States of certain travel-related costs and expenses connected with Direct Services
Defendants perform for or on behalf of the government. Such allowed travel-related costs or
expenses include, without limitation, costs of certain airline travel, hotels, meals, rental cars
and/or credit card-related services, that are actually incurred or sustained by Defendants.

20. Pursuant to relevant contracts, laws, statutes and regulations, including, without
limitation, FARs, Defendants are not allowed to seek reimbursement from The United States for
travel-related costs or expenses associated with Direct Services provided to the government that
Defendants do not actually incur or sustain.

21. In addition to the Direct Services to The United States described above,
Defendants also provide indirect services/products to The United States ("Indirect Services")
such as through third-party entities which are, themselves, contractors to the government
("Government Contractors"). By way of example, Defendants provide services to certain
aerospace or electronic companies, which are themselves defense contractors to The United
States. The relevant contracts, laws, statutes and regulations, including, without limitation,
FARs, state that where the services provided by Defendants to certain third-party entities, directly
or indirectly benefit the government, or are performed for or on behalf of, or mandated by, The
United States, the services and associated costs charged by Defendants to such Government
Contractors may, under certain circumstances, be paid either directly by The United States or
indirectly by The United States as, for example, through the government's payment of certain
Government Contractor overhead.
22. In consideration for such Indirect Services, Defendants receive either directly or indirectly from The United States compensation for the Indirect Services performed as well as reimbursement for certain costs or expenses actually incurred by Defendants in connection with the performance of such Indirect Services.

23. Pursuant to the terms of the contractual relationship between The United States and Defendants, and/or certain third-party entities, and pursuant to applicable laws, statutes and regulations, including, without limitation, FARs, Defendants may properly claim reimbursement only of the costs or expenses associated with the Indirect Services Defendants have provided that are actually incurred or sustained by Defendants.

24. Pursuant to relevant contracts, laws, statutes and regulations, including, without limitation, FARs, Defendants are not allowed to seek reimbursement of costs or expenses associated with Indirect Services that Defendants do not actually incur or sustain.

25. Pursuant to relevant contracts, laws, statutes and regulations, including, without limitation, FARs, Defendants are not allowed to seek reimbursement from The United States for travel-related costs or expenses associated with Indirect Services that Defendants do not actually incur or sustain.

26. During the last ten years or more Defendants have presented claims for payment to The United States for Direct Services and have included within such bills claims for reimbursement of certain travel-related costs, including, without limitation, airline tickets, hotels, meals, rental cars and credit card-related services. Defendants' claims for reimbursement of such costs have been based upon the face amount of the cost, for example, the face amount of the airline ticket or rental car charge.

27. During the last ten years or more Defendants have presented claims for payment that have been paid directly or indirectly by The United States for Indirect Services and have included within such bills claims for reimbursement of certain travel-related costs, including, without limitation, airline tickets, hotels, meals, rental cars and credit card-related services. Defendants' claims for reimbursement of such costs have been based upon the face amount of the costs, for example, the face amount of the airline ticket or rental car charge.
28. During the last ten years or more Defendants have received from certain travel-service providers including, without limitation, airlines, hotel chains, rental car providers and credit card issuers, undisclosed rebates of a significant percentage of the face amount of the underlying service ("Secret Rebates").

29. Relator is informed and believes that the amount of Secret Rebates received over the course of the past ten years by Defendants have totaled over a Hundred Million Dollars.

30. Defendants presented for payment to The United States, and/or to certain third-party entities for ultimate direct or indirect payment by the government, claims that reflected the face amount of costs for travel-related expenses connected with Direct Services and/or Indirect Services. Such claims for payment did not reflect the actual cost incurred or sustained by Defendants since such claims did not reflect the existence of the Secret Rebates of a significant percentage of the face amount of such underlying cost.

31. Defendants did not reduce the claim for reimbursement of costs by the amount of the Secret Rebates, nor did Defendants credit the amount of the Secret Rebates against the claim for payment.

32. Defendants did not advise The United States of the existence or the size of the Secret Rebates, but, rather, concealed the existence, scope, and nature of such rebates.

33. Unaware of the existence of the Secret Rebates, of the Defendants’ conduct in connection with the Secret Rebates, and of Defendants’ submission of claims that included claims for reimbursement of costs for which Defendants received Secret Rebates, The United States authorized and made direct or indirect payment to Defendants for reimbursement of costs associated with Direct Services and/or for Indirect Services that were not actually sustained nor incurred by the Defendants.

34. By making claims for payments based upon face amounts of costs connected with Direct Services, for which Defendants were receiving Secret Rebates, Defendants falsely, or acting in deliberate ignorance or reckless disregard, presented false claims for payments in violation of the Federal False Claims Act, 31 U.S.C. § 3729(a)(1). Defendants’ improper conduct will likely continue up through and including trial.
35. By making claims for payments based upon face amounts of costs connected with Indirect Services, for which Defendants were receiving Secret Rebates, Defendants falsely, or acting in deliberate ignorance or reckless disregard, presented false claims for payments of costs that were never actually sustained or incurred, in violation of the Federal False Claims Act, 31 U.S.C. § 3729(a)(1). Defendants' improper conduct will likely continue up through and including trial.

36. As a direct consequence of Defendants' conduct that has violated the Federal False Claims Act, The United States has sustained losses and/or damages in an amount not yet precisely ascertained, which is equal to the difference between the amount the government directly or indirectly paid for travel-related costs and the amount Defendants actually incurred (after subtracting the full amount of the Secret Rebates) for such costs, plus the interest on such difference. Relator is informed and believes, and on that basis averes, that the losses/damages sustained by the United States aggregate in the Tens of Millions of Dollars.

37. Relator is informed and believes, and on that basis averes, that Defendants conspired one with another to support the presentation of false claims for payment with false records and/or statements.

38. To the extent, if any, this case is deemed to be a related action, and facts set forth herein are deemed to be the same as facts underlying an existing qui tam, False Claims Act action pending at the time of filing this action, as precluded by 31 U.S.C. § 2030(b)(5), then said factual allegations in common with the pending action, which would cause this to be a related cause of action, are hereby expressly excluded from this action, but only to the limited extent necessary to exclude preemption.

39. To the extent, if any, the averments set forth in this complaint are the subject of a civil suit or administrative civil money penalty proceeding in which The United States is already a party, then the averments contained herein that are the subject of any such civil suit or administrative civil money penalty proceeding are expressly excluded from this action, but only for the specific time periods, entities, and averments that are common between the actions.
COUNT TWO

(Violation of 31 U.S.C. § 3729(a)(2))

(Submitting A False Record or Statement In Support of a False Claim)

(Against All Defendants)

40. Plaintiffs fully incorporate in this Paragraph each and every averment contained in Paragraphs 1 through 13 and 15 through 33 of this Complaint as if they were iterated verbatim herein.

41. In connection with the presentation of the false claims for reimbursement of costs not actually sustained or incurred in connection with Direct Services and/or Indirect Services, Defendants created and/or used one or more false records or statements for the purpose of obtaining or aiding the obtaining of such claims. Such false statements or representations explicitly or implicitly communicated that the compensation sought by Defendants for reimbursement of certain costs for travel-related expenses were the same as the amounts actually and ultimately paid by Defendants for such costs. In fact, Defendants received Secret Rebates of a significant percentage of such costs, and concealed from the government the existence, size, scope, and nature of such rebates.

42. Unaware of the existence of the Secret Rebates, of the Defendants’ conduct in connection with the Secret Rebates, and of Defendants’ submission of claims which included claims for reimbursement of costs for which Defendants received Secret Rebates, and upon Defendants’ creation and/or use of false statements or representations, The United States authorized and made direct or indirect payment for reimbursement of costs associated with Direct Services and/or Indirect Services that were not actually sustained nor incurred by the Defendants.

43. By creating and/or using a false statement or representation in connection with claims for payments based upon face amounts of travel-related costs connected with Direct Services, for which Defendants were receiving Secret Rebates, Defendants falsely, or in deliberate ignorance or reckless disregard, acted in violation of the Federal False Claims Act, 31 U.S.C. § 3729(a)(2). Defendants’ improper conduct will likely continue up through and including trial.
44. By creating and/or using a false statement or representation in connection with
claims for payments based upon face amounts of costs connected with Indirect Services, for
which Defendants were receiving Secret Rebates, Defendants falsely, or in deliberate ignorance
Defendants' improper conduct will continue up through and including trial.

45. As a direct consequence of Defendants' conduct that has violated 31 U.S.C.
§ 3729(a)(2) of the False Claims Act, The United States has sustained losses and/or damages in
an amount not yet precisely ascertained, but which will be presented at trial.

46. To the extent, if any, that this case is deemed to be a related action, and facts set
forth herein are deemed to be the same as facts underlying an existing *qui tam*, False Claims Act
action pending at the time of filing this action, as precluded by 31 U.S.C. § 2030(b)(5), then said
factual allegations in common with the pending action, which would cause this to be a related
cause of action, are hereby expressly excluded from this action, but only to the limited extent
necessary to exclude preemption.

47. To the extent, if any, the averments set forth in this complaint are the subject of a
civil suit or administrative civil money penalty proceeding in which The United States is already
a party, then the averments contained herein that are the subject of any such civil suit or
administrative civil money penalty proceeding are expressly excluded from this action, but only
for the specific time periods, entities, and averments that are common between the actions.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment against each of the Defendants as set forth
below.

I. UNDER COUNT ONE, for judgment against all Defendants for:
   (A) all losses and/or damages that have been or will be sustained by The United
   States as a result of the false claims, plus interest;
   (B) triple the amount of such losses and/or damages pursuant to 31 U.S.C.
   § 3729;
(C) civil penalties of not less than $5,000, or more than $10,000, for each and every violation of the False Claims Act, in a total amount which is not yet precisely known;

(D) reasonable attorney fees and costs;

(E) Relator's reasonable costs and expenses; and

(F) such other and further relief as the Court deems just or equitable.

II. UNDER COUNT TWO, for judgment against all Defendants for:

(A) all losses and/or damages that have been or will be sustained by The United States as a result of the false statements or representations;

(B) triple the amount of such losses and/or damages pursuant to 31 U.S.C. § 3729;

(C) civil penalties of not less than $5,000, or more than $10,000, for each and every violation of the False Claims Act, in a total amount which is not yet precisely known;

(D) reasonable attorney fees and costs;

(E) Relator's reasonable costs and expenses; and

(F) such other and further relief as the Court deems just or equitable.

DATED: August 30, 2001

PACKARD, PACKARD & JOHNSON

By: Lon D. Packard
Attorneys for Relator/Plaintiff
BearingPoint Settles Probe Into Overbilling
3 Other Firms Reach Deals With Justice

By Ellen McCarthy
Washington Post Staff Writer
Wednesday, January 4, 2006; D03

BearingPoint Inc. agreed to pay $15 million to settle a lawsuit filed by the Department of Justice, which had claimed that the McLean consulting firm and three other companies overbilled government customers for travel expenses.

As part of the settlement with the U.S. attorney's office for the Central District of California, Booz Allen Hamilton Inc. agreed to pay $3.37 million, Ernst & Young LLP agreed to pay $4.47 million and KPMG LLP agreed to pay $2.77 million.

A statement by the U.S. attorney's office said the four firms received rebates on travel expenses, including airlines, rental cars and hotels, but did not report those discounts to their government clients and did not reduce "reimbursement claims by the amount of the rebates," a violation of federal contracting regulations.

BearingPoint spokesman John Schneidawind said in a statement last night that the travel discount program was initiated by the company's predecessor, KPMG, in 2000. BearingPoint has since changed the way it submits travel expenses to its customers, he said.

"We are pleased to have reached an agreement with the government on this matter, recognizing that this was a liability we inherited for a program we did not create," Schneidawind said. "We believe we would have ultimately been vindicated in court. A settlement . . . without admitting wrongdoing allows us to continue to focus on our customers, rather than being distracted by prolonged litigation."

The Justice Department case is related to a 2001 class-action suit alleging that the nation's largest accounting firms, including PricewaterhouseCoopers LLC, were overcharging private-sector customers for travel expenses. BearingPoint and KMPG both paid $17 million in 2004 to settle their portions of that suit, Schneidawind said.

A whistle-blower in the Justice Department case, former PricewaterhouseCoopers partner Neal A. Roberts, will share in the latest settlement, receiving an amount that is yet to be determined.

PricewaterhouseCoopers agreed in July to pay $41.9 million to resolve allegations that it had overbilled the government for travel expenses.

In a statement released last night, the U.S. attorney's office said it dismissed the cases against the four firms, which paid their monetary settlements last week.

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RELEASE AND SETTLEMENT AGREEMENT

Recitals

This Release and Settlement Agreement ("Settlement Agreement") is entered into by and among the plaintiff United States ("the Government"), relator Neal A. Roberts ("Roberts" or "Relator"), and defendant BearingPoint, Inc., formerly known as KPMG Consulting, Inc. ("BE" or "Defendant") (collectively "the Parties"), with reference to the following facts:

A. On August 31, 2001, Roberts filed a complaint captioned United States ex rel. Neal A. Roberts v. KPMG LLP, et al., No. CV-01-07605 DDP (SHx), in the District Court for the Central District of California (the "Relator's Complaint"). On or about December 22, 2005, the Government intervened in the action for the purposes of implementing a settlement.

B. The Relator's Complaint alleges that BE presented, directly and indirectly, claims for payment pursuant to government contracts in which it sought reimbursement for travel expenses and charge card purchases that were in excess of the expenses actually incurred by Defendant, in violation of the False Claims Act, 31 U.S.C. §3729 et seq. ("the FCA"). The Relator's Complaint further alleges that the sums billed to the Government with respect to the foregoing costs were inflated because BE did not credit commissions, rebates and incentives received by Defendant from travel providers, travel service providers and charge card companies.

C. BE denies the allegations set forth in the Relator's Complaint, and in the "Covered Conduct" described below.

D. To avoid the risks and expenses of further litigation, the Parties hereby
agree to fully and finally settle the action on the terms set forth below.

Terms and Conditions

In consideration of the mutual promises, covenants and obligations set forth below, the Parties agree as follows:

Settlement Payment

1. BE shall pay the Government $15,000,000. Payment shall be made within five (5) business days following BE’s receipt of counterpart originals of this Settlement Agreement that have been fully executed by the Government and by Roberts and his counsel. Payment shall be by electronic funds transfer in accordance with instructions to be provided by the Government.

Attorneys’ Fees Payment

2. Within five (5) business days following receipt by BE of counterpart originals of this Settlement Agreement that have been fully executed by the Government and Roberts and his counsel (the “Effective Date”), BE shall pay Roberts and his counsel jointly $467,500 in satisfaction of all obligations of BE with respect to Roberts’ attorneys’ fees, expenses and costs in connection with Relator’s Complaint. Payment by BE shall be made by electronic funds transfer to the account of Packard, Packard & Johnson, P.C., in accordance with written instructions to be provided to BE’s counsel by Roberts’ counsel. Relator represents and agrees that the wire transfer of funds to the account of Packard, Packard & Johnson, P.C., Nix, Patterson & Roach, L.L.P., or otherwise. BE agrees that it will bear its own
fees, costs and expenses incurred in connection with the Relator’s Complaint and this settlement.

Relator’s Concurrence

3. Roberts agrees that this settlement is fair, adequate and reasonable; he consents to this settlement; and he agrees that he will not challenge this settlement pursuant to 31 U.S.C. §3730(c)(2)(B). Roberts, after consulting his counsel, knowingly, intelligently, and voluntarily waives his right to challenge this settlement and agrees that this waiver was not obtained through any misconduct by any of the Parties or their counsel. The Government and Roberts will enter into a separate agreement regarding Roberts' share of the settlement payment hereunder, and the Parties’ obligations hereunder are independent of that agreement or any dispute thereunder that may arise. BE shall not, under any circumstances, be liable to Roberts or to his counsel for payment of any portion of the settlement amount provided by Section 1 of this Settlement Agreement or for any payment under the separate agreement between the Government and Roberts referenced by this Section. Notwithstanding, the sum that BE is to pay the Government pursuant to Section 1 shall in no way be diminished by any sums the Government shall award Relator.

Dismissals

4. Within three (3) business days following its receipt of notice of completion of the electronic funds transfers referenced in Sections 1 and 2, the Government and Relator will execute and file a notice of dismissal with prejudice.
Government-BE Releases

5. The conduct at issue and resolved by this Settlement Agreement is as follows: From July 1, 1991 through December 31, 2003, BE is alleged to have submitted claims, directly and indirectly, for payment to the Government, and to contractors and other entities doing business with the Government, for travel-related expenses and costs, including airline tickets, car rental expenses, hotel expenses, credit card services, and other travel expenses. It is alleged that the amounts of such expenses or costs that BE presented for payment, directly or indirectly, were more than its actual expenses and costs because BE received travel credits, such as rebates for airline tickets, rebates for car rentals, travel agency commissions, hotel commissions and charge card incentives. Unaware that the claims were greater than BE’s actual expenses or costs because of the above-listed travel credits to BE, it is alleged that the Government paid the full amounts of the claims. BE’s conduct described in this Section 5 is referred to in this Settlement Agreement as the “Covered Conduct.”

6. Upon receipt of the payments referenced in Sections 1 and 2 above, and except as provided in Section 7, the Government releases BE and its current and former parents, partners, subsidiaries, parents, affiliates, divisions or subdivisions, shareholders, directors, officers, employees, agents, attorneys, predecessors, successors, and assigns from the following:

Any civil or administrative monetary claims or causes of action that the Government has or may have under the FCA, the Program Fraud Civil Remedies Act (“PFCRA”), 31 U.S.C. §§3801-3812, the Civil Monetary Penalties Act, 42 U.S.C. §1320a-7a, the Contract Disputes Act, 41 U.S.C. §§601-613, the Truth in Negotiations Act, 10 U.S.C. §2306a, the Foreign Assistance Act, 22 U.S.C. §§2151-2431k, any other statute creating causes of action for damages or
penalties for the submission of false claims, and actions at common law (for payment by mistake, unjust enrichment, breach of contract, misrepresentation, or fraud) for the Covered Conduct.

7. The Government agrees that for any year affected by the Covered Conduct for which final indirect cost rates have not been negotiated or unilaterally determined, BE may submit or resubmit indirect rates which exclude from the relevant G&A pools, travel rebates, commissions and charge card rebates and charge card incentive payments and may include, in its relevant G&A pools, travel expenses (including, without limitation, expenses and management fees paid to travel agencies or offset against payments otherwise due to BE from travel agencies) to the extent allowable, allocable and reasonable in accordance with applicable statutory and regulatory provisions. Nothing in this Settlement Agreement converts otherwise unallowable costs into allowable costs or otherwise allowable costs into unallowable costs.

8. The Government does not release BE from the following: claims arising under Title 26 of the United States Code (Internal Revenue Code); suspension or debarment; claims arising out of the delivery of any deficient or defective products or services, or out of any express or implied product or service warranty; claims arising out of the failure to deliver items or services due; liability created by this Settlement Agreement; or liability other than that released pursuant to Section 6.

9. BE hereby releases the United States, its agencies, employees, servants, and agents from any and all claims and causes of action for damages, statutory penalties, equitable relief or otherwise arising out of or relating to the Covered Conduct and the Government’s investigation thereof. This release in this paragraph is not intended to release any claims BE may have against any person or entity other than the United States, its agencies,
employees, servants and agents.

10. BE and the Government each agree to bear their own costs, expenses and fees, including attorneys' fees, consultants', accountants' and expert witness fees that have been incurred in connection with the investigation, litigation and settlement of the Relator's Complaint.

Roberts BE Releases

11. Upon fulfillment of the conditions set forth in Sections 1 and 2 above, and in consideration of the mutual promises and obligations of this Settlement Agreement, Roberts, on behalf of himself and his agents, attorneys, representatives, heirs, administrators, executors, successors or assigns, including his wife ("Roberts' Releasing Parties"), as to Covered Conduct, hereby fully releases BE, its current and former parents, partners, subsidiaries, parents, affiliates, divisions or subdivisions, shareholders, directors, officers, employees, agents, attorneys, predecessors, successors, and assigns (all excepting KPMG, LLP) ("BE Released Parties"): (A) from any and all other manner of actions, causes of action, suits, debts, accounts, covenants, contracts, agreements, judgments, demands and any claims whatsoever in law or equity in existence on the Effective Date, whether or not heretofore known, suspected or asserted, and whether derivative or not; (B) from any civil monetary claim, or any other claim (including attorneys' fees, costs, and expenses of every kind and however denominated), under the False Claims Act, 31 U.S.C. § 3729 et seq., in existence on the Effective Date, whether or not heretofore known, suspected or asserted, or from any liability arising from the Relator's Complaint, the Covered Conduct, BE's defense of the Relator's Complaint or BE's investigation pertaining thereto; and (C) from any other claim under the False Claims Act, 31 U.S.C. § 3729 et seq., against BE Released Parties in existence on the Effective Date, whether or not heretofore
known, suspected or asserted, and whether derivative or not. Relator further understands that

Section 1542 of the California Civil Code provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Relator hereby expressly waives all rights under Section 1542 of the California Civil Code, or similar laws in any applicable jurisdiction as to Covered Conduct, and agrees that the foregoing provision of the California Civil Code or similar laws shall in no way affect the releases provided in this Agreement.

12. Roberts’ Releasing Parties and BE Released Parties each agree not to take, assert or advocate any position inconsistent with the intent, language, terms or provisions set forth in this Settlement Agreement.

13. BE Released Parties releases Roberts, Roberts’ Released Parties and his attorneys, agents, successors, and assigns from any and all claims and causes of action for damages, statutory penalties, equitable relief or otherwise that BE Released Parties have or may have arising out of the Covered Conduct, the prosecution of the Relator’s Complaint or the investigation pertaining thereto.

14. Roberts and BE understand and agree that the releases provided by the Settlement Agreement apply to all known and unknown and unanticipated claims or demands that exist as of the effective date of this Settlement Agreement, including those claims or demands which a party does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement. Roberts and BE hereby acknowledge that they may hereafter discover facts in
addition to, or different from, those they now believe to be true, including but not limited to the nature or extent of their damages, but that, notwithstanding the foregoing, it is their intention hereby to fully, finally, completely and forever settle and release each, every and all claims and demands released herein. In furtherance of such intention, the releases herein shall remain in effect according to their express terms notwithstanding the discovery of any such additional or different facts

15. BE fully and finally releases the Relator, and his heirs, successors, partners, employees, agents, attorneys, consultants and assigns, and the United States, its agencies, employees, servants, and agents from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) which BE asserted, could have asserted, or may assert in the future against the Relator, or his heirs, successors, partners, employees, agents, attorneys, consultants and assigns, or the United States, its agencies, employees, servants, and agents, related to the Civil Action, the Covered Conduct, or the United States' or the Relator's investigation or prosecution of the Civil Action or Covered Conduct.

Unallowable Costs

16. BE agrees that all costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. §31.205-47, and including without limitation attorneys' fees) incurred by or on behalf of BE (including but not limited to its officers, directors, agents, employees, subsidiary companies, and parent companies) in connection with (A) the matters covered by this Settlement Agreement, (B) the Government's investigation in connection with the Relator's Complaint, including BE's response thereto, (C) BE's investigation of and corrective actions regarding the matters alleged in the Relator's Complaint, (D) the Government's litigation of the Relator's Complaint and BE's defense of the Relator's Complaint, (E) the negotiation of this Settlement
Agreement, and (F) the payments made to the Government and Roberts pursuant to Sections 1 and 2 of this Settlement Agreement, shall be unallowable costs for Government contract accounting purposes. These amounts shall be separately accounted for by BE.

**No Agreement on Tax Treatment**

17. Nothing in this Settlement Agreement constitutes an agreement by any of the Parties concerning the characterization of the payments addressed hereunder for purposes of any proceeding under Title 26 of the United States Code (the Internal Revenue Code).

**Entire Agreement**

18. This Settlement Agreement represents the entire agreement between the Parties with respect to the subject matter of this Settlement Agreement, and there are no other agreements, understandings, representations, warranties, inducements, or considerations except as expressly recited herein.

**Independent Investigation**

19. Each of the Parties has independently investigated the facts relating to the Relator’s Complaint, and except as expressly set forth in this Settlement Agreement, each of the Parties disclaims any reliance upon any representations by the other Parties or their agents relating to the negotiation of, or entry into, this Settlement Agreement.

20. All Parties consent to the United States’ disclosure of this Settlement Agreement to the public.

**No Admission**

21. This Settlement Agreement and the negotiations leading thereto are not evidence or admissions by any Party of any issue of fact or law, and are not admissible into evidence for any purpose except to obtain approval of or enforce or interpret the Settlement
Agreement's terms.

**Counterparts**

22. This Settlement Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute or controversy arising between and among the Parties under Settlement Agreement will be the United States District Court of the Central District of California, Western Division. This court shall retain ongoing jurisdiction to enforce and interpret the terms and intent of this Settlement Agreement.

23. This Settlement Agreement is executed in duplicate originals, and each shall be of the same force and effect at law as an original. In addition, a facsimile signature shall have the same binding effect as an original.

**Authority to Sign**

24. Each person who signs this Settlement Agreement in a representative capacity warrants that he is duly authorized to do so.
Effective Date

25. This Settlement Agreement shall be effective on the date it is signed by the last signatory hereeto.

AGREED AND EXECUTED by the parties hereeto:

On Behalf of United States of America

Dated: December 22, 2005

[Signature]

DONALD WILLIAMSON
Attorneys for Plaintiff
United States of America

On Behalf of BearingPoint, Inc.

Dated: ______________, 2005

By: David Schwiesow
Title: Vice President and Deputy General Counsel

William A. Roberts, III, Esq.
Barbara Van Gelder, Esq.
Roderick L. Thomas, Esq.
WILEY REIN & FIELDING LLP
1776 K Street, NW
Washington, D.C. 20006
(202) 719-7000

Mitchell S. Ettinger, Esq.
Gary DiBianco, Esq.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
1440 New York Avenue, NW
Washington, D.C. 20005
(202) 371-7000
On Behalf of Relator

Dated: _______________, 2005

NEAL A. ROBERTS
Relator

Dated: _______________, 2005

Lon D. Packard, Esq.
Craig H. Johnson, Esq.
Ronald D. Packard, Esq.
Von G. Packard, Esq.
PACKARD, PACKARD & JOHNSON, P.C.
Four Main Street, Suite 200
Los Altos, CA 94022
(650) 947-7300

C. Cary Patterson, Esq.
Michael B. Angelovich, Esq.
NIX, PATTERSON & ROACH, L.L.P.
2900 Saint Michael Drive, Fifth Floor
Texarkana, Texas 75503
(903) 223-3999

Attorneys for Relator

Dated: _______________, 2005
25. This Settlement Agreement shall be effective on the date it is signed by the last signatory hereto.

AGREED AND EXECUTED by the parties hereto:

On Behalf of United States of America
Dated: ________________, 2005

DONALD J. WILLIAMSON
Attorneys for Plaintiff
United States of America

On Behalf of BearingPoint, Inc.
Dated: December 23, 2005

By: David Schwiesow
Title: Vice President and
Deputy General Counsel

William A. Roberts, III, Esq.
Barbara Van Gelder, Esq.
Roderick L. Thomas, Esq.
WILEY REIN & FIELDING LLP
1776 K Street, NW
Washington, D.C. 20006
(202) 719-7000

Mitchell S. Ettinger, Esq.
Gary DiBianco, Esq.
SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP
1440 New York Avenue, NW
Washington, D.C. 20005
(202) 371-7000
Effective Date

25. This Settlement Agreement shall be effective on the date it is signed by
the last signatory hereto.

AGREED AND EXECUTED by the parties hereto:

On Behalf of United States of America

Dated: ______________, 2005

DONALD J. WILLIAMSON
Attorneys for Plaintiff
United States of America

On Behalf of BearingPoint, Inc.

Dated: ______________, 2005

By: David Schwiesow
Title: Vice President and
Deputy General Counsel

William A. Roberts, III, Esq.
Barbara Van Gelder, Esq.
Roderick L. Thomas, Esq.
WILEY REIN & FIELDING LLP
1776 K Street, NW
Washington, D.C. 20006
(202) 719-7000

Mitchel S. Ettinger, Esq.
Gary DeBianco, Esq.
SKADDEN, ARPS, SLATE, MEAGHER
& FL O M LLP
1440 New York Avenue, NW
Washington, D.C. 20005
(202) 371-7000
On Behalf of Relator

Dated: ____________, 2005

Dated: Dec. 22, 2005

NEAL A. ROBERTS
Relator

Lon D. Packard, Esq.
Craig H. Johnson, Esq.
Ronald D. Packard, Esq.
Von G. Packard, Esq.
PACKARD, PACKARD &
JOHNSON, P.C.
Four Main Street, Suite 200
Los Altos, CA 94022
(650) 947-7300

C. Cary Patterson, Esq.
Michael B. Angelovich, Esq.
NIX, PATTERSON & ROACH, L.L.P.
2900 Saint Michael Drive, Fifth Floor
Texarkana, Texas 75503
(903) 223-3999

Attorneys for Relator

Dated: ____________, 2005

B15
On Behalf of Relator

Dated: December 21, 2005

NEAL A. ROBERTS
Relator

Dated: __________, 2005

Lon D. Packard, Esq.
Craig H. Johnson, Esq.
Ronald D. Packard, Esq.
Von G. Packard, Esq.
PACKARD, PACKARD & JOHNSON, P.C.
Four Main Street, Suite 200
Los Altos, CA 94022
(650) 947-7300

C. Cary Patterson, Esq.
Michael B. Angelovich, Esq.
NIX, PATTERSON & ROACH, L.L.P.
2900 Saint Michael Drive, Fifth Floor
Texarkana, Texas 75503
(903) 223-3999

Attorneys for Relator

Dated: __________, 2005
On Behalf of Relator

Dated: _______________, 2005

NEAL A. ROBERTS
Relator

Dated: _______________, 2005

Lon D. Packard, Esq.
Craig H. Johnson, Esq.
Ronald D. Packard, Esq.
Von G. Packard, Esq.
PACKARD, PACKARD &
JOHNSON, P.C.
Four Main Street, Suite 200
Los Altos, CA 94022
(650) 947-7300

C. Cary Patterson, Esq.
Michael B. Angelovich, Esq.
NIX, PATTERSON & ROACH, L.L.P.
2900 Saint Michael Drive, Fifth Floor
Texarkana, Texas 75503
(903) 223-3999

Attorneys for Relator

Dated: _______________, 2005