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Department of Justice
Office of Public Affairs

Friday, June 17, 2011

Texas-Based Fluor Corporation to Pay U.S. $4 Million to Resolve False Claims Act and Anti-Kickback Act Liability

Allegations Related to Contract at Hanford Nuclear Site in Washington State

WASHINGTON - Fluor Hanford Inc., a wholly-owned subsidiary of Fluor Federal Services Inc. and Fluor Corporation, has agreed to pay the United States $4 million to resolve allegations that it knowingly submitted false claims and paid and received kickbacks relating to a contract to operate and manage mixed radioactive waste at the Department of Energy’s (DOE) Hanford Nuclear Site in Hanford, Wash. Fluor Corporation is headquartered in Irving, Texas, near Dallas.

Between 2003 and 2008, Fluor employed individuals known as material coordinators, whose job responsibilities included purchasing supplies for use by Fluor on its DOE contract. Between 2003 and 2008, three such material coordinators, Susanna Zuniga, Gregory Detloff and Paul Kempf, made hundreds of fraudulent purchases using government purchase cards, using their positions and exploiting weaknesses in Fluor’s internal control system to funnel DOE funds to themselves.

“Vigorously prosecuting financial fraud is one of the Justice Department’s top priorities,” said Assistant Attorney General Tony West. “Government contractors who line their bank accounts with kickbacks or money from fraudulent claims undermine the public’s trust and will continue to attract our enforcement attention.”

As early as 2001 and repeatedly between 2001 and 2008, internal audits conducted by Fluor alerted it to weaknesses in its purchase card controls, weaknesses exploited by the three material coordinators. Nonetheless, Fluor failed to address these weaknesses, allowing these schemes to go undetected for years.

“The cleanup of the Hanford Nuclear Facility is a high priority for this region; Government contractor fraud undermines these efforts and at Hanford simply will not be tolerated,” said Michael C. Ormsby, U.S. Attorney for the Eastern District of Washington. “This resolution demonstrates that corporations will be held accountable when they turn a blind eye to fraud and self-dealing.”

Additionally, between 2005 and 2008, at least 14 Fluor material coordinators solicited, received and accepted kickbacks from a Hanford-area vendor known as Fast Pipe and Supply Company and its owner, Shane Fast. These kickbacks, which took the form of cash, tickets to sporting events, gift cards and other things of value, were intended to influence the material coordinators to purchase from Fast rather than competing vendors. In return for these kickbacks, the 14 Fluor material coordinators did more than $3.5 million in business with Fast.

“The $4 million settlement announced today and the successful outcome of this case reflect our commitment to aggressively pursuing those who defraud the Department of Energy and to protect the interests of U.S. taxpayers,” said Gregory H. Friedman, Department of Energy Inspector General. “I commend the hard work of the DOJ Attorneys and IG Special Agents. Strong working relationships like this are vital to the successful resolution of major fraud cases.”

Five former Fluor employees have been indicted for their participation in the fraudulent schemes. Four of the individuals have pleaded guilty, with the fifth awaiting trial.

The government’s investigation was conducted by the Civil Division of the U.S. Department of Justice, the U.S. Attorney’s Office for the Eastern District of Washington and the Department of Energy Office of Inspector General.
Since January 2009, the Department of Justice's total False Claims Act recoveries have exceeded $7.3 billion.