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SAIC and Others to Pay U.S. More Than \$22.6 Million to Resolve False Claims Allegations

Case Involved The National Center for Critical Information Processing and Storage at Mississippi's Stennis Space Center

WASHINGTON – Science Applications International Inc. (SAIC); its subcontractor, Applied Enterprise Solutions LLC (AES); AES CEO Dale Galloway; and former government employees Stephen Adamec and Robert Knesel will pay the United States \$22,676,000 to resolve allegations of false claims in a whistleblower suit, the Justice Department announced today. SAIC will pay \$20,400,000 and AES and Dale Galloway will pay \$2,166,000. Adamec and Knesel are paying \$110,000.

The False Claims Act (FCA) suit, filed in June 2009 in the Southern District of Mississippi, alleges that the defendants knowingly violated the FCA when they submitted or caused the submission of false claims and conspired to submit such claims under a contract with the General Services Administration (GSA) in support of the Naval Oceanographic Major Shared Resource Center (NAVO MSRC). That contract was to provide support services for the National Center for Critical Information Processing and Storage (NCCIPS) at the NAVO MSRC. GSA awarded the NCCIPS task order in April 2004 to SAIC, which teamed with Lockheed Martin and AES to perform under the task order. SAIC was paid a total of \$116 million under the contract.

The *qui tam*, or whistleblower, suit alleges that prior to the issuance, and once the NCCIPS solicitation had been publicized, Adamec and Knesel, then government employees, conspired with SAIC, AES, Galloway and Lockheed Martin to ensure that SAIC and its teaming partners were awarded the task order by sharing non-public, advance procurement information with the SAIC team that was not provided to other potential bidders; sharing information about the solicitation with the SAIC team before providing that information to other bidders; and choosing a type of contract and putting language in the solicitation in order to bias the selection process to favor the SAIC team.

"We expect those who contract for the privilege of doing the public's business to act fairly and abide by the rules, not game the system to get undeserved taxpayer dollars for themselves and their friends," said Tony West, Assistant Attorney General for the Justice Department's Civil Division. "We will pursue stiff penalties for contractors and federal employees whose illegal conduct defrauds the public and makes it harder for companies that play by the rules to compete."

The *qui tam* suit, *United States ex rel. Magee v. Lockheed Martin, et al.*, 1:09cv324 HSO (JMR) (S.D. MS.), was filed by David Magee, a former employee at the NAVO MSRC. The United States intervened in Magee's action as to all defendants except for Lockheed Martin. The United States previously settled with Lockheed Martin for \$2 million.

The investigation was conducted by the Justice Department's Civil Division, the Defense Criminal Investigative Service, the Naval Criminal Investigative Service and the GSA Office of Inspector General.

The Justice Department's total recoveries in False Claims Act cases since January 2009 exceed \$7.8 billion.



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