

**Helmer, Martins, Rice & Popham Co., LPA
Announces Another False Claims Act Recovery**

* * * * *

**Defense Contractors Pay Over \$30 Million to Settle Fraudulent Bidding
Case at NASA's Stennis Space Center in Mississippi**

CINCINNATI – Thursday, September 29, 2011. Whistleblower David Magee , along with the Department of Justice have reached settlements totaling \$30.26 million with government contractors and the former Director and Deputy Director of the Navy Oceanograph Office (NAVO) supercomputer center at NASA's Stennis Space Center in Mississippi.

In a False Claims Act suit brought in the United States District Court in Gulfport, Mississippi, before District Judge Ozerden, David Magee charged that the Director and Deputy Director of the NAVO supercomputer center conspired with two of the country's largest defense contractors, Science Applications International Corp. (SAIC) and Lockheed Martin Corporation, along with the former Director of the Space and Naval Warfare Systems Command Information Technology Center, Dale Galloway, and his newly-formed shell company, Applied Enterprise Solutions, to rig the bidding process on a government contract with a potential value of up to \$3.2 billion. The rigged contract was to establish and run a new National Center for Critical Information Processing and Storage (NCCIPS). Before the NCCIPS solicitation was issued to the public and while the project was out for bid, the team of SAIC, Lockheed, and Dale Galloway received and exchanged confidential contract procurement information from Stephen Adamec, the Director of the NAVO supercomputer center, and his deputy, Robert Knesel. This advance confidential contract information gave the SAIC Team an unfair competitive advantage over other bidders in successfully bidding on the project. The SAIC Team also had an unfair advantage over their competition because they helped the NAVO Director define the requirements of the NCCIPS contract.

David Magee, a former supercomputer specialist at the NAVO supercomputer center, investigated this bid rigging activity and reported it internally to the Navy, the Department of Defense, the General Services Administration, and members of Congress beginning in 2004. He filed this suit in 2006 under the whistleblower provisions of the False Claims Act when it appeared that the government's investigation was stalled. In 2009, the United States Department of Justice joined in part of David Magee's lawsuit, after conducting its own independent investigation.

In January 2011, Lockheed Martin reached a \$3 million settlement with David Magee and his counsel. In that settlement, the United States agreed to provide Mr. Magee with a 28% share of the \$2 million in proceeds it received from that Lockheed settlement, with the remainder paid to Mr. Magee's counsel for costs and fees in connection with the prosecution of the case.

The remaining defendants followed suit six months later, with SAIC paying \$24.9 million in compensation to the United States as well as fees and costs to Mr. Magee's counsel; Galloway and AES paid \$2.25 million; and Adamec and Knesel paid \$110,000. As a result of these settlements and as a reward for reporting this bid rigging and prosecuting this fraud for the past six years, David Magee will receive a yet-to-be determined share of the United States' recovery. "I'm grateful to see that this bid rigging was corrected and the wrong-doers punished," said David Magee. "The past six years have been very stressful on me and my family. I look forward to moving on with my life, having done my duty as a United States citizen."

The False Claims Act is now the government's primary tool for combating fraud against the public fisc, and has resulted in whistleblowers like David Magee and the Department of Justice recovering more than \$7.3 billion between January 2009 and June 2011 alone. The Congressional Budget Office estimates that False Claims Act suits will result in a further \$3 to \$4 billion being returned to the treasury each year for the next ten years. Originally signed into law by President Lincoln in 1863 to combat rampant fraud by government contractors, it was amended in 1986 through the efforts of Senator Charles Grassley (R, IA) and Congressman Howard Berman (D, CA), and President Reagan. In 2009, Grassley and Berman again proposed amendments which were passed by a near unanimous Congress and signed into law by President Obama.

David Magee was represented by the law firms of Helmer, Martins, Rice & Popham (Cincinnati, OH), Galiher, DeRobertis, Ono (Honolulu, HI), and Owen, Galloway & Myers (Gulfport, MS). His lead attorney was Paul B. Martins (513) 421-2400. He was ably assisted by attorneys James A. Tate, Todd W. Eddins and Ben Galloway, as well as forensic accountant, Dale F. Saito.

The Department of Justice's efforts in this case were led by Diana Younts, Michele Lee, and Will Olson, with the support of Assistant U.S. Attorney Stephen Graben in Gulfport, Mississippi. Agents John Youngblood (NCIS), Jesse "Joe" St. Amant (DCIS), Paul Archey (DCAA), and Carlton McIlveen (GSA) assisted in the investigation.