

June 4, 2008

Unisys Corporation  
Unisys Way  
Blue Bell, PA 19424

Dear Sir or Madam:

Sometime in the next few weeks, the Project On Government Oversight (POGO) will update its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including Unisys. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to Unisys, please be assured that any response received by POGO will be posted on the website along with the data.

The biggest change we will be making to the database is the inclusion of more federal contractors (the top 100). We are also adding new instances that we have found in recent months and updating instances already in the database with new information. Please note that the database also includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon  
Investigator

Enclosure

## **Instances**

### 1. Failure to Disclose Information During Contract Negotiations

Date: 08/02/2001 (Date of Settlement Announcement)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Defense – Air Force

Contracting Party: Defense - Air Force

Court Type: Civil

Amount: \$1,430,000

Disposition: Settlement

Synopsis: Unisys Corporation agreed to pay the United States \$1,430,000 to settle claims that it failed to disclose accurate and complete information to the Air Force during 1990 contract negotiations to build a radar system known as the North Warning System, in violation of the False Claims Act 31 U.S.C. § 3729, et seq. Unisys failed to disclose that it was considering subcontracting certain quality control work to a company called ASR Corporation.

### 2. Failure to Supply Adequate Equipment

Date: 12/03/1998 (Date of Settlement Announcement)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Multiple Agencies

Contracting Party: Multiple Agencies

Court Type: Civil

Amount: \$2,250,000

Disposition: Settlement

Synopsis: Unisys Corporation agreed to pay the government \$2.25 million to settle allegations that it supplied refurbished, rather than new, computer materials to several federal agencies in violation of the terms of its contract. Unisys admitted to supplying re-worked or refurbished computer components to various civilian and military agencies in the early 1990s, when the contract required the company to provide new equipment. The market price for the refurbished material was less than the price for new material which the government paid.

### 3. Price Inflation

Date: 03/26/1998 (Date of Settlement Announcement)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Commerce

Contracting Party: Commerce

Court Type: Civil

Amount: Unknown

Disposition: Settlement

Synopsis: Lockheed Martin and Unisys paid the government \$3.15 million to settle allegations that Unisys inflated the prices of spare parts sold to the Department of Commerce for its NEXRAD Doppler Radar System, in violation of the False Claims Act, 31 U.S.C. § 3729, et seq. "[T]he settlement resolves allegations that Unisys knew that prices it paid Concurrent Computer Corporation for the spare parts were inflated when it passed on those prices to the government. Unisys had obtained price discounts from Concurrent on other items Unisys was purchasing

from Concurrent at Unisys' own expense in exchange for agreeing to pay Concurrent the inflated prices.”

#### 4. Visible Systems v. Unisys (Trademark Infringement)

Date: 11/02/2007 (Date of Final Judgment)

Misconduct Type: Intellectual Property

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$267,555

Disposition: Judgment Against Defendant

Synopsis: Computer company Visible Systems prevailed over Unisys Corp. in a trademark infringement lawsuit filed in Massachusetts federal court. In November 2007, the court entered an injunction and final judgment ordering Unisys to discontinue its use of the “Visible” trademark, upholding the jury’s award to Visible Systems of \$250,000 in damages, and awarding an additional \$17,555 in interest. Visible Systems claimed Unisys wrongfully used of the name "Visible" in marketing its software and services. The jury found the infringement by Unisys was willful. Visible Systems appealed the final judgment, believing the court wrongly excluded the issues of bad faith and disgorgement of an estimated \$17 billion in unjust profits from the consideration of the jury.

#### 5. Misrepresentation of Retiree Benefits

Date: 07/16/2007 (Date of Memorandum and Order)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: Unknown

Disposition: Restitution

Synopsis: A federal judge in Pennsylvania ordered Unisys Corp. to reinstate within 60 days free lifetime retiree medical benefits to 12 former employees who were employed by a Unisys predecessor, the Burroughs Corporation. The judge ruled that Unisys "misrepresented the cost and duration of retiree medical benefits" at a time "trial plaintiffs were making retirement decisions and while it was advising them about the benefits the company would provide during retirement."

### **Pending Instances**

DHS/TSA Data Breaches

Date: 09/24/2007 (Date of Announcement)

Misconduct Type: Poor Contract Performance

Enforcement Agency: Multiple Agencies

Contracting Party: Homeland Security

Court Type: Administrative

Amount: \$0

Disposition: Pending

Synopsis: The FBI is investigating Unisys Corp. for allegedly failing to detect hackers on the unclassified computer systems of the Transportation Security Administration and Department of Homeland Security headquarters and then trying to cover up the lapse. House Homeland Security Committee Chairman Bennie Thompson (D-Miss.) called on the DHS Inspector General to launch its own investigation. Unisys holds contracts worth over \$1 billion to build, secure and manage the information technology networks for the TSA and DHS.