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JUSTICE NEWS

## Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

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### Science Applications International Corporation Pays \$11.75 Million to Settle False Claims Allegations

The Justice Department and U.S. Attorney Kenneth J. Gonzales of the District of New Mexico announced today that Science Applications International Corporation (SAIC) has paid \$11.75 million to settle allegations filed in the U.S. District Court for the District of New Mexico that it violated the False Claims Act by charging inflated prices under grants to train first responder personnel to prevent and respond to terrorism attacks. SAIC provides scientific, engineering, and technical services to commercial and government customers and is headquartered in Northern Virginia.

Between 2002 and 2012, the New Mexico Institute of Mining and Technology (New Mexico Tech) received six federal grants from the Department of Justice, the Department of Homeland Security, and the Federal Emergency Management Agency to train first responder personnel to prevent and respond to terrorism events involving explosive devices. New Mexico Tech awarded subgrants to SAIC to provide course management, development, and instruction. The United States alleged that SAIC's cost proposals falsely represented that SAIC would use far more expensive personnel to carry out its efforts than it intended to use and actually did use, resulting in inflated charges to the United States.

"To ensure that federal tax dollars are properly spent, federal grant recipients and contractors must provide cost proposals and estimates that reflect their honest judgment about project costs," said Stuart F. Delery, Acting Assistant Attorney General for the Civil Division of the Department of Justice. "We will continue to ensure that funds designated for vital programs such as this one are properly used for their intended purpose."

The False Claims Act is sometimes referred to as "Lincoln's Law" because it was enacted at the urging of President Lincoln to combat widespread fraud which was being perpetrated on the Union Army by Civil War defense contractors. While originally enacted to combat defense contractor fraud, the False Claims Act has long been successfully employed to combat false claims against the United States in many other contexts, including healthcare fraud. The Act prohibits the submission of false claims for government money or property and allows the United States to recover up to three times the actual damages and penalties for a violation.

The lawsuit against SAIC was originally filed under the whistleblower provisions of the False Claims Act by Richard Priem, SAIC's former project manager for the first responder training program. Under the Act's whistleblower provisions, a private party may file suit on behalf of the United States and share in any recovery, and the United States may elect to intervene and take over the case, as it did here. Mr. Priem's share has not yet been determined.

"The False Claims Act is a critical tool for weeding out fraud and protecting taxpayers," said U.S. Attorney Kenneth J. Gonzales of the District of New Mexico. "The Act provides an incentive for individuals with knowledge of fraud against the government to disclose that information. When whistleblowers bring fraud allegations to the government's attention and assist us in this public-private partnership to fight fraud, the public benefits and potential fraudsters are deterred."

The case was jointly handled by Trial Attorneys Don Williamson and Daniel Hugo Fruchter of the Commercial Litigation Branch of the Justice Department's Civil Division and Assistant U.S. Attorney Howard R. Thomas and Auditor Julie A. Ford of the U.S. Attorney's Office for the District of New Mexico. The claims resolved by this settlement are allegations only and there has been no determination of liability. The case is United States ex rel. Priem v. SAIC, No-12-cv-148 (D.N.M.).

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Civil Division

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