The Justice Department announced today that Science Applications International Corporation (SAIC) has agreed to pay $5.75 million to settle allegations that it violated the False Claims Act by submitting claims under a contract with the General Services Administration (GSA) that it knew had been awarded in violation of federal procurement regulations. SAIC provides scientific, engineering and technical services to commercial and government customers and is headquartered in Northern Virginia.

In 2006, GSA awarded a blanket purchase agreement (BPA) to SAIC for the provision of professional engineering and consulting services. Those services related to the study and evaluation of new products and emerging technologies. The United States contended that SAIC personnel provided false information to GSA contracting officials to induce them to award the BPA to SAIC. In particular, the United States alleged that SAIC caused another individual to falsely represent himself as an employee of the Senior Executive Staff of the Department of Defense and the Director of another federal agency. SAIC performed a substantial number of the task orders it received under the BPA for the U.S. Central Command at MacDill Air Force Base in Tampa, Florida.

"Federal contracts must be awarded based on full disclosure and fair dealing," said Stuart F. Delery, Acting Assistant Attorney General for the Civil Division of the Department of Justice. "It is completely unacceptable for taxpayer dollars to be paid under circumstances where the integrity of the contracting process has been undermined."

"This recovery illustrates the emphasis and resources we place on detection and recovery of fraud, waste and abuse in government procurement contracts – particularly those involving defense contractors and others who supply goods and services to the Department of Defense, the branches of our military, and their bases," said Robert E. O'Neill, U.S. Attorney for the Middle District of Florida.

"SAIC received a contract, awarded by GSA, based on fictitious information," said GSA Inspector General Brian D. Miller. "This deceptive scheme shows that we must be on the lookout for all forms of contract fraud."

The lawsuit against SAIC was originally filed under the whistleblower provisions of the False Claims Act by Timothy Ferner, a retired Lt. Colonel in the U.S. Air Force, in the U.S. District court for the Middle District of Florida. The False Claims Act prohibits the submission of false claims for government money or property and allows the United States to recover treble damages and penalties for a violation. Under the Act’s whistleblower provisions, a private party may file suit on behalf of the United States and share in any recovery. The United States may elect to intervene and take over the case, as it did here. Mr. Ferner’s share of the settlement has been determined to be $977,500.

The claims resolved by this settlement are allegations only and there has been no determination of liability. The case is United States ex rel. Ferner v. SAIC, No. 8:10-cv-741-T-33-AEP (M.D. Fla.)