

**UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA FLORIDA**

**UNITED STATES OF AMERICA,** )  
**ex rel.** )  
**TIMOTHY FERNER** )

**Plaintiffs,** )

**v.** )

**STEVE R. STALLINGS;** )  
**SCIENCE APPLICATIONS** )  
**INTERNATIONAL CORPORATION;** )  
**TAGENT; WAR FIGHTER II;** )  
**JOINT TECHNOLOGY ASSESSMENT** )  
**ACTIVITY; and LAWRENCE SOLLIDAY** )

**CASE NO.: 8:10-cv-741-T33-AEP**

**FILED IN CAMERA**

**UNDER SEAL**

**Defendants.**

**THIRD AMENDED COMPLAINT UNDER THE *QUI TAM* PROVISIONS  
OF THE FALSE CLAIMS ACT**

**INTRODUCTION**

1. This is an action brought by Relator, Timothy Ferner, on behalf of the United States of America, to recover damages and civil penalties against Defendants pursuant to the Federal Civil False Claims Act, Title 31 U.S.C. § 3729 et seq., (“FCA”).

2. Relator’s *qui tam* action alleges that Defendants have improperly obtained millions of dollars in government contracts for Defendant Science Applications International Corporation (“SAIC”) by fraudulently inducing military entities to divert substantial contracts to SAIC that should have gone to bid. These contracts were worldwide in scope and encompassed various military units including the U.S. Special Operations Command and U.S. Central Command at MacDill Air Force Base in Tampa, Florida and the National Aeronautics and

Space Administration (NASA) Cape Canaveral, Florida. Because the contracts were fraudulently obtained, all of the claims for payment submitted pursuant to the contracts constitute false and/or fraudulent claims in violation of the False Claims Act.

3. The FCA provides that any person who submits a false claim to the government is liable for a civil penalty of between \$5,500 and \$11,000 for each such claim, and three times the amount of the damages sustained by the government. The Act permits persons having information regarding a false or fraudulent claim against the government to bring an action on behalf of the government and to share in any recovery. Pursuant to 31 U.S.C. § 3730(b)(2), this complaint must be filed *in camera* and under seal, without service on the defendant. The complaint remains under seal while the government conducts an investigation of the allegations in the complaint and determines whether to join the action.

#### **JURISDICTION AND VENUE**

4. This action arises under the False Claims Act, 31 U.S.C. § 3729 et seq. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1331, 31 U.S.C. § 3730, and 28 U.S.C. § 1345.

5. This Court has personal jurisdiction over Defendants pursuant to 31 U.S.C. § 3732(a), which authorizes nationwide service of process. Defendants can be found in, reside in, or have transacted business in the Middle District of Florida.

6. Venue is proper in this District pursuant to 31 U.S.C. § 3732(a) because Defendants can be found in, reside in, or have transacted business in the Middle District of Florida, and many of the alleged acts occurred in this District.

7. Relator is an “original source” as defined by the False Claims Act.

## **THE PARTIES**

8. Relator Timothy Ferner is a Lieutenant Colonel assigned to the United States Air Force Warfare Center at Nellis Air Force Base in Las Vegas, Nevada.

9. Defendant Science Applications International Corporation (“SAIC”) is a Fortune 500 scientific, engineering and technology applications company headquartered at 1710 SAIC Drive, McLean, Fairfax County, Virginia with regional offices at 1 N. Dale Mabry Highway, Suite 400, Tampa, Florida. SAIC employs a large number of retired military officers.

10. Defendant TAgent is located at 1 N. Dale Mabry Highway, Tampa, Florida. According to documents supplied to the United States Air Force (USAF) by Defendant Steve R. Stallings, TAgent supports the Advanced Systems & Concepts Directorate in the Office of the Secretary of Defense. The records of the Florida Department of State, Division of Corporations contain no reference to TAgent. TAgent is believed to be affiliated with SAIC.

11. Defendant Steve R. Stallings is a resident of Valrico, Hillsborough County, Florida and is a retired USAF LtCol who became the director of TAgent in 2006. He is also an employee of Defendant Joint Technology Assessment Activity (JTAA).

12. Defendant War Fighter II is a defense contract broker-entity believed to be affiliated with SAIC.

13. Defendant Joint Technology Assessment Activity (“JTAA”) is a defense contract broker-entity believed to be affiliated with SAIC.

14. Defendant Lawrence Solliday is a resident of Crane, Indiana. He is a retired USAF reserve employee, an SAIC employee, Director of Defendant JTAA, and Defendant Stallings’ JTAA supervisor.

### **FACTUAL ALLEGATIONS**

15. Relator was assigned to Nellis Air Force Base in December 2006 and was later promoted to Chief of Staff of the Coalition and Irregular Warfare Center (CIWC). At that time, the director of the CIWC was Col. Scott Pugmire.

16. In 2007, the CIWC received Global War on Terror (GWOT) funding for use in establishing support and training programs. Col. Pugmire told Relator to contact LtCol Ted Anderson at the 505<sup>th</sup> Command and Control Wing for guidance as that unit received \$4.7 million in government Joint IED Defeat Organization (JIEDDO) funding and avoided the normal bid process by utilizing the services of a broker-entity known as War Fighter II.

17. LtCol Anderson told Relator he utilized War Fighter II to append JIEDDO contracts to an existing Science Applications International Corporation (SAIC) contract. LtCol Anderson said he knew of a mechanism similar to War Fighter II by which another broker-entity known as TAgent could bypass the base Contracting Squadron. He offered to have Paul Fast, a representative of SAIC contact Relator to further explain the process.

18. Col. Pugmire admonished Relator to not discuss dollar figures or contract specifics. Relator was therefore suspicious when Mr. Fast knew exactly what services the CIWC was in need of and how much money was available to expend for that purpose. Mr. Fast misrepresented to the Relator that if he utilized the services of TAgent's director, Steve Stallings, the required bid process could be circumvented and the implementation of the proposed contract could be accelerated. Mr. Fast described Mr. Stallings as a Senior Executive Service (SES) employee of the Department of Defense who could append the CIWC contract to existing

contracts held by various major defense contractors.

19. Relator was unaware of any prior instance wherein an Air Force unit was permitted to bypass the base Contracting Office, so he contacted Captain Daniel Boeh at that office who advised: (1) he was in communication with Mr. Stallings who represented himself as a government employee, and (2) the 505th had already used two contract vehicles similar to TAgent to broker contracts with SAIC. On that basis, Capt. Boeh vouched for the legitimacy of TAgent.

20. On January 31, 2007, Mr. Stallings, using a U.S. Army military address, sent an email to Relator advising he was an SES government employee and the director of TAgent and could provide the required services to CIWC. Mr. Stallings provided telephone number (813) 681-8446 as a point of contact. He explained he could append the CIWC contract to an existing contract, open a GSA funding account to receive payments and begin work on the project immediately. Mr. Stallings agreed to submit regular invoices to the selected contractor who would then request payment from CIWC through the Military Interdepartmental Purchase Request (MIPR) mechanism.

21. Relator was still suspicious of the proposed transaction as he had no prior knowledge of a GSA account being used to receive military funding. He requested Mr. Stallings provide background data regarding TAgent. Mr. Stallings forwarded a series of Power Point slides bearing the TAgent name superimposed over a seal of the Defense Department. The slides described TAgent as administering more than 100 non-traditional assessment (NTA) programs throughout the world through the efforts of 250 NTA professionals and, "supported by a worldwide staff of 43,000 personnel."

22. On March 21, 2007, Mr. Stallings drew-up a Client Performance Work Statement (CPWS) valued at \$1,141,000. Relator was concerned with this occurrence as government regulations require the military, not the contractor, to prepare contracts. Mr. Stallings was responsible for overseeing the CPWS and staffing for the project was provided by SAIC.

23. Regular fund transfers were made from CIWC to the GSA account via MIPR until May 2009. Shortly before the payments were terminated, Relator began to question the value of services provided by TAgent and SAIC as contractors appeared to be charging for work not performed. Relator demanded Mr. Stallings provide detailed information regarding contract expenditures. In an email dated April 23, 2009, Mr. Stallings declined to do so stating, "TAgent is a service provider and my support to you is like going to a quick lube for an oil change. You request the service, pick the weight and I quote you the cost of service."

24. After receiving this email, Relator telephonically contacted Mr. Stallings who again refused to provide supporting documentation. He demanded Mr. Stallings identify his boss to which Mr. Stallings replied, "I work directly for the Secretary of the Navy. Are you sure you want to go there?" When Relator riposted that was exactly what he intended to do, Mr. Stallings stated, "Well, it's your career." (SES employees are the equivalent of general officers and military personnel are usually loath to challenge them.)

25. Nevertheless, Relator then contacted the office of the Secretary of the Navy and the Secretary of the Army and received email replies denying Mr. Stallings was an SES employed by their service branches. Chris Vogt, Under-Secretary of the Advanced Systems and Concepts Directorate, Office of the Secretary of Defense advised he was familiar with Mr. Stallings who had done work for the Office of the Secretary of Defense in the past, but expressed surprise that Mr. Stallings was dealing with military base contracts as that is, "outside the intent

of what TAgent was designed for.” Mr. Vogt advised Mr. Stallings is not an SES employee of the government.

26. Relator then began to research TAgent and determined its web site was hosted by SAIC and Mr. Stallings was its only identifiable employee. Although Mr. Stallings claimed in an email that his main office is at White Sands Proving Grounds in New Mexico, Mr. Stallings has no identifiable office and appears to work from his residence at Tampa, Florida.

27. Relator then contacted Jason Heddy, Senior Contracting Officer GSA who confirmed he knew Mr. Stallings as an SES employee of the government who, through TAgent, possessed a single-award, blanket purchase agreement which encompasses several GSA schedules. He revealed GSA deducted 4% of all monetary transfers passing through the GSA accounts administered by Mr. Stallings as a service fee. Mr. Heddy acknowledged he possessed billing data regarding the CIWC CPWS, but declined to provide the information to Relator claiming the information was “proprietary.” Relator was incensed by this reply since his unit, as the source of funding and the recipient of services under the CPWS, was entitled to receive billing justification. He told Mr. Heddy that Mr. Stallings had been misrepresenting himself as a government employee, at which point Mr. Heddy became alarmed and defensive. Mr. Heddy stated he was new to his GSA job and knew Mr. Stallings from Mr. Heddy’s previous employment as head of procurement at Eglin AFB. He said he had no reason to doubt representations made to him by Mr. Stallings.

28. Section 13.303 of the Federal Acquisition Regulations (FAR) describes a Blanket Purchase Agreement (BPA) as a simplified method of filling anticipated repetitive needs for supplies or services by establishing charge accounts with qualified sources of supply. It is the Relator’s understanding that it is not intended nor permissible to fund sensitive government

contracts through the BPA mechanism.

29. At about this time, Relator's boss, Col. Ross Victor asked Relator to explore the feasibility of combining the 505<sup>th</sup>'s War Fighter II contracts with the CIWC contract and placing both under the supervision of Mr. Stallings and TAgent. But, on May 3, 2009, Mr. Stallings unexpectedly emailed CIWC advising the CPWS had been completed, effectively ending his association with CIWC. Relator later learned that Mr. Stallings had shut down TAgent and was attempting to bring TAgent's contracts under the control of another broker-entity known as the Joint Technology Assessment Activity (JTAA), Crane IN, whose director is Lawrence Solliday.

30. Believing SAIC, Mr. Stallings, Mr. Solliday, TAgent, War Fighter II and JTAA were engaged in fraud, Relator notified the Office of Special Investigations (OSI) and the Defense Criminal Investigative Service (DCIS) of his concerns. DCIS confirmed Relator's belief that Mr. Stallings misrepresented himself as a government employee in order to improperly obtain millions of dollars in government contracts for SAIC. The contracts were worldwide in scope and encompassed various military units including the U.S. Special Operations Command and U.S. Central Command at MacDill AFB, Tampa and the National Aeronautics and Space Administration at Cape Canaveral, Florida.

31. Relator determined that at least some, if not all, CIWC funds were expended for the benefit of SAIC pursuant to U.S. Air Force Task Order, #4TP97070279. He searched the Federal Procurement Data System (FPDS) relative to this Task Order and located seven transaction records as follows:

<b><u>Date</u></b>	<b><u>Amount</u></b>	<b><u>Vendor</u></b>	<b><u>Place of Performance</u></b>
August 7, 2007	\$442,307.69	SAIC, Vienna, VA	Hillsborough Co., FL
October 17, 2007	-\$192,307.69	SAIC, Vienna, VA	Hillsborough Co., FL



April 15, 2008	\$576,923.08	SAIC, Vienna, VA	Hillsborough Co., FL
September 29, 2008	\$72,115.38	SAIC, Vienna, VA	Hillsborough Co., FL
September 29, 2008	\$0	SAIC, Vienna, VA	Hillsborough Co., FL
October 9, 2008	\$96,153.85	SAIC, Vienna, VA	Hillsborough Co., FL
May 13, 2009	\$0	SAIC, Vienna, VA	Hillsborough Co., FL

32. All of the above transactions relate to an account with reference # GS23F0107J and all occurred pursuant to Award ID # GST0407YH0023. Additionally, all transactions were for “Engineering and Technical Services” and bore a notation that they occurred pursuant to, “Full and Open Competition.”

33. GST0407YH0023 identifies a contract awarded to the Federal Acquisition Service, a subsidiary of GSA. Relator believes it is highly irregular that proceeds from a classified military program were transferred to, and disbursed from, what appears to be a GSA general supply acquisition account.

34. Relator thereafter queried the FPDS regarding account # GS23F0107J and identified numerous other government entities whose funds passed through that account. A list of these agencies is attached to this complaint as Exhibit 1.

35. Based upon Relator’s experience, and his discussions with GSA and military finance personnel, he believes funding emanating from government entities listed on the attached exhibit were obtained and transferred in the same illegal manner as those emanating from CIWC as described in this complaint.

36. On September 28, 2009, Col. Victor fired Relator from his position at CIWC and reassigned him to another unit.

37. Lt Col Anderson, who introduced Relator to TAgent, retired from the military and thereafter appeared at Nellis AFB as a representative of SAIC in apparent violation of 18 U.S.C. § 207(a).

38. Relator believes Mr. Stallings is an agent of SAIC who operated with the full knowledge and assistance of that corporation. Mr. Stallings' familiarity with military procedure and contracting matters enabled him to deceive military entities into diverting substantial contracts to SAIC that should have gone to bid. This process resulted in overcharges to the government of millions of dollars. Military personnel were reluctant to question Mr. Stallings' methods as he convincingly portrayed them as "Black Ops." Relator does not believe Mr. Stallings is associated with any sensitive military operation, but if he is, then he has abused his authority for personal gain and to the benefit of SAIC.

39. As described above, Defendants fraudulently induced the government to award the contracts at issue to SAIC through false representations including, but not limited to, stating that Defendants had authority to circumvent the bid process; falsely representing that TAgent was a government agency and that Mr. Stallings was a government employee; and concealing the relationship between TAgent, SAIC, Mr. Stallings, War Fighter II, JTAA and Mr. Solliday.

40. Defendants not only have deprived the government of the benefit of competitive bidding but also have caused the government to suffer damages due to the false and/or fraudulent claims they have submitted and/or caused to be submitted under the contracts at issue. Because the contracts were procured by fraud, all of the claims for payment submitted pursuant to the contracts constitute false and/or fraudulent claims in violation of the False Claims Act.

41. Upon information and belief, Mr. Stallings appears to be perpetrating the same fraudulent billing scheme through his current employer, Gemini Industries, Inc., which is headquartered at 200 Wheeler Road, Burlington, MA 01803 and has its Special Operations and Warfighter Division and its Advanced Solutions Division located at 4200 W. Cypress Street, Tampa, Florida.

42. The Federal Procurement Data System lists 1,140 contract actions for Gemini Industries, Inc., a significant number of which involve the Special Operations Command headquartered at MacDill AFB, Tampa.

43. Based upon Relator’s personal experience with Mr. Stallings; the nature of Gemini’s government contracts with many of the same entities with which TAgent/SAIC contracted; the fact that Mr. Stallings’ employment with Gemini overlaps the period of time he was operating TAgent and working for SAIC; the observation that, as with TAgent, most Gemini contract actions relate to Task Orders appended to existing contracts; and Relator’s knowledge that Mr. Stallings had open access to MacDill AFB and was frequently observed at both U.S. Central Command and the U.S. Special Operations Command, Relator believes Mr. Stallings represented Gemini in the same manner he represented SAIC – e.g., providing false information to the government to improperly obtain government contracts.

44. Below is a representative sample of Gemini contract actions which occurred in Tampa during the period of time Mr. Stallings was employed by Gemini:

<u>Date</u>	<u>Amount</u>	<u>Vendor</u>	<u>Place of Performance</u>
9/25/09	\$1,864,003.21	Gemini	Socom, Tampa
9/25/09	\$2,119,496.13	Gemini	Socom, Tampa

10/1/09	\$6,819,670.84	Gemini	Socom, Tampa
10/1/09	\$3,214,982.15	Gemini	Socom, Tampa
11/23/09	\$ -239,997.61	Gemini	Socom, Tampa
12/17/09	\$1,111,040.24	Gemini	Socom, Tampa

**COUNT I**

**Violation of False Claims Act, 31 U.S.C. § 3729(a)  
prior to and after the amendments enacted on May 20, 2009**

45. Relator realleges and incorporates by reference the allegations of paragraphs 1-44 of this complaint.

46. This count sets forth claims for treble damages and forfeitures under the federal False Claims Act, 31 U.S.C. §§ 3729-3732.

47. Through the acts described above, Defendants have committed violations of the False Claims Act.

48. Under the False Claims Act 31 U.S.C. § 3729(a) in effect prior to May 20, 2009, Defendants have violated:

- (a) 31 U.S.C. § 3729(a)(1) by knowingly presenting, or causing to be presented, to an officer or employee of the United States Government or a member of the Armed Forces of the United States a false or fraudulent claim for payment or approval;
- (b) 31 U.S.C. § 3729(a)(2) by knowingly making, using, or causing to be made or used, a false record or statement to get a false or fraudulent claim paid or approved by the Government; and/or
- (c) 31 U.S.C. § 3729(a)(3) by conspiring to defraud the Government by getting a

false or fraudulent claim allowed or paid.

49. Under the False Claims Act 31 U.S.C. § 3729(a)(1) as amended on May 20, 2009, Defendants have violated:

- (a) 31 U.S.C. § 3729(a)(1)(A) by knowingly presenting, or causing to be presented, a false or fraudulent claim for payment or approval;
- (b) 31 U.S.C. § 3729(a)(1)(B) by knowingly making, using, or causing to be made or used, a false record or statement material to a false or fraudulent claim; and/or
- (c) 31 U.S.C. § 3729(a)(1)(C) by conspiring to commit a violation of subparagraph (A) or (B).

50. The United States, unaware of the falsity of the claims, approved, paid, and participated in payments made by the United States for claims that otherwise would not have been allowed.

51. By reason of Defendants' false claims, the United States has been damaged and possibly continues to be damaged.

#### **PRAYER FOR RELIEF**

WHEREFORE, Relator requests that judgment be entered against Defendants, ordering that:

- a. Defendants pay an amount equal to three times the amount of damages the United States has sustained because of Defendants' actions, plus a civil penalty against Defendants of not less than \$5,500, and not more than \$11,000 for each violation of 31 U.S.C. § 3729;
- b. Relator be awarded the maximum amount allowed pursuant to 31 U.S.C. § 3730(d);

- c. Defendants cease and desist from violating the False Claims Act, 31 U.S.C. § 3729 et seq.;
- d. Relator be awarded all costs of this action, including attorneys' fees, expenses, and costs pursuant to 31 U.S.C. § 3730(d); and
- e. The United States and Relator be granted all such other relief as the Court deems just and proper.

**DEMAND FOR JURY TRIAL**

A jury trial is requested in this cause.

Dated this 24<sup>th</sup> day of June, 2013.



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DEPT OF THE AIR FORCE
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FEDERAL EMERGENCY MANAGEMENT AGENCY
FEDERAL HIGHWAY ADMINISTRATION
FEDERAL LAW ENFORCEMENT TRAINING CENTER
FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION
FINANCIAL CRIME ENFORCEMENT NETWORK
GEOLOGICAL SURVEY
MARITIME ADMINISTRATION
MINERALS MANAGEMENT SERVICE
MISSILE DEFENSE AGENCY (MDA)
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
NATIONAL GEOSPATIAL- INTELLIGENCE AGENCY (NGA)
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION
NATIONAL INSTITUTES OF HEALTH
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
NATIONAL PARK SERVICE
OFFICE OF POLICY, BUDGET AND ADMINISTRATION
OFFICE OF THE SECRETARY, DEPARTMENT OF HOMELAND SECURITY
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STATE, DEPARTMENT OF

U.S. COAST GUARD
U.S. SECRET SERVICE
U.S. SPECIAL OPERATIONS COMMAND (USSOCOM)
VETERANS AFFAIRS, DEPARTMENT OF
VIRGINIA CONTRACTING AGENCY
WASHINGTON HEADQUARTERS SERVICES (WHS)





**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the above and foregoing has been furnished by U.S. Mail, this 24<sup>th</sup> day of June 2013 to the following:

Don Williamson  
U.S. Department of Justice  
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