Government Contractor to Pay $1 Million to Settle Civil Fraud Allegations

ALEXANDRIA, Va. – DRS Technical Services, Inc. (DRS TSI), located in Herndon, has agreed to pay $1 million to settle a civil fraud case that claimed their employees engaged in labor mischarging resulting in a loss to the U.S. government of $544,000.

The allegations involved the overcharging of three U.S. Army contracts DRS TSI was working on in Kuwait, where 15 DRS TSI employees were directed to record more time for labor hours than was actually being worked. After discovering the improper conduct through its internal compliance program, DRS TSI made a voluntary disclosure to the U.S. government under the Contractor Business Ethics Compliance Program and Disclosure Rule, also known as the Federal Acquisition Regulations Mandatory Disclosure Rule. DRS TSI took corrective action, including disclosure of the conduct to the Department of Defense Office of Inspector General.

Following an investigation of the disclosure by the government, DRS TSI agreed to pay $1 million to resolve allegations under the civil False Claims Act, and other related civil statutory and common law remedies arising from the conduct. The False Claims Act makes it illegal for any person or entity to present a false or fraudulent claim to the United States for payment and/or to retain overpayments that were improperly received. The civil claims settled by DRS TSI are allegations only; there has been no determination of civil liability.

The resolutions obtained in this matter were the result of a coordinated effort between the U.S. Attorney's Office for the Eastern District of Virginia, the Army's Criminal Investigation Command, and the Defense Criminal Investigative Service with assistance from the Defense Contract Audit Agency.

The matter was investigated by Assistant U.S. Attorney Richard Sponseller. The civil claims settled by this False Claims Act agreement are allegations only; there has been no determination of civil liability.

A copy of this press release may be found on the website of the U.S. Attorney's Office for the Eastern District of Virginia.