SRA International Inc. And Galaxy Scientific Corp. To Pay $1.1 Million To Resolve Alleged False Claims Related To Military Contracts

NEWARK, N.J. – SRA International Inc. and Galaxy Scientific Corp. will pay more than $1.1 million to resolve civil claims relating to a scheme to bill for, and capture, unlawful profits on certain military contracts, U.S. Attorney Paul J. Fishman of the District of New Jersey announced today.

In the civil settlement, SRA International Inc. (SRA), Galaxy Scientific Corp. (GSC), Galaxy Technology LLC (GTech), and Engineering Integrated Services L.L.C. (EIS), agreed to pay $1,105,087 plus accrued interest to the federal government to resolve allegations under the False Claims Act. The United States alleged that in 2004 and 2005 GSC used shell affiliates to improperly induce the Government to fund and award task orders, disguise actual costs, misrepresent what work was actually performed, and capture unlawful profit.

With respect to a task order involving the use of image and audio compression technology over low-bandwidth networks (Task Order 29 under the Communications-Electronics Life Cycle Management Command’s [CECOM’s] Rapid Response Contract No. DAAB07-03-D-B011), the United States alleged that GSC, a company whose majority shareholder and CEO was Dr. James Yoh, created a shell affiliate, GTech, a company wholly owned by Dr. Yoh, which it used to disguise actual costs, misrepresent what work was actually performed, and capture unlawful profit.

In another task order involving communications in the Kuwait-Iraq theater of operations (Task Order Y601 of the same contract above), the United States alleged that GSC created another shell affiliate, EIS, again owned and controlled by Dr. Yoh, to improperly induce the government to fund and award the task order, disguise actual costs and capture unlawful profit.

The civil settlement resolves a False Claims Act lawsuit filed under the FCA’s qui tam provisions in federal court in the District of New Jersey by John Carr, who worked as a contracting officer for GSC. As part of today’s resolution, Mr. Carr will receive approximately $250,000 from the civil settlement amount.

The government is represented by Assistant U.S. Attorney David E. Dauenheimer of the U.S. Attorney’s Office’s Civil Division in Newark and Trial Attorney Arnold Auerhan of the Civil Frauds Section in the U.S. Department of Justice.

The claims settled by this agreement are allegations only; there have been no admissions of liability.