

JUSTICE NEWS

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United States Files False Claims Act Suit Against Mission Support Alliance LLC, Several Lockheed Affiliates, and Jorge Francisco Armijo for Inflated Information Technology Subcontract Costs

The United States has filed suit against Mission Support Alliance LLC (MSA), Lockheed Martin Corporation (LMC), Lockheed Martin Services Inc. (LMSI), and Jorge Francisco Armijo for alleged false claims and kickbacks in connection with a multi-billion dollar contract with the Department of Energy (DOE) to support the environmental cleanup at the Hanford Site near Richland, Washington, the Justice Department announced today. MSA is a Delaware Limited Liability Corporation that, during the time alleged in the lawsuit, was owned by Lockheed Martin Integrated Technology LLC, Jacobs Engineering Group Inc., and Centerra Group (formerly G4S Government Solutions, and, prior to that, Wackenhut Services Inc.). Both Lockheed Martin Integrated Technology and LMSI were wholly-owned subsidiaries of LMC. Mr. Armijo is a Vice President of LMC and also served as a President of MSA during the time period in question.

“Where Congress has allocated money for specific purposes, we will not tolerate unlawful conduct by contractors who seek to enhance their profits at the expense of taxpayers,” said Assistant Attorney General Jody Hunt of the Department of Justice’s Civil Division. “This lawsuit demonstrates that the Department of Justice will work tirelessly to ensure that public funds are used for the important purposes for which they are intended.”

The multi-billion dollar MSA Contract with DOE required MSA to provide a number of site-wide services to DOE and to other contractors involved in the clean-up of the Hanford Site. The allegations in the complaint relate to the management and technology solution services that MSA agreed to provide at Hanford. In January 2010, without competition, MSA awarded its affiliate, LMSI, a \$232 million subcontract to perform that work from Jan. 1, 2010 through June 2016.

The United States’ complaint alleges that the defendants knowingly made or caused false statements to the DOE regarding the amount of profit included in the billing rates for LMSI under the subcontract it was awarded by its affiliate, MSA. The complaint also alleges that the defendants’ claims for these inflated rates violated the False Claims Act.

In addition, the complaint alleges that LMC made payments of more than \$1 million to Armijo and other MSA executives in order to obtain improper favorable treatment from MSA with respect to the award of the LMSI subcontract at the inflated rates. The complaint further alleges that these payments violated the Anti-Kickback Act.

“Fraud, corruption, and self-dealing at Hanford will simply not be tolerated,” said U.S. Attorney Joseph H. Harrington for the Eastern District of Washington. “The critical mission of cleaning up the Hanford Site in a safe, timely, environmentally responsible, and cost-effective manner is too important to the public and the residents of this region.” Harrington went on to state, “This enforcement action demonstrates and underscores the United States Attorney’s Office’s commitment to working with our law enforcement partners to hold fraudsters accountable, whether they are individuals, businesses, or the nation’s largest corporations.”

“The Department of Energy Office of Inspector General is committed to ensuring the integrity of Departmental

contracts and financial expenditures,” said Teri L. Donaldson, Department of Energy Inspector General. “We take allegations of false claims, overbilling and kickbacks very seriously and will aggressively investigate these matters to ensure efficiency throughout DOE programs. We appreciate the efforts of the DOJ in pursuing these allegations and will continue our collaboration with the DOJ to investigate those who seek to defraud Department programs.”

“The Department of Energy identified the possibility of fraud to the Department of Justice and DOE Office of Inspector General during DOE’s administration of the contract,” said Joe Franco, Deputy Manager for the Richland Operations Office at Hanford. “DOE appreciates the efforts of the Department of Justice and the Inspector General, and we will continue to assist with their investigation and prosecution of the alleged fraudulent activity. DOE will not tolerate fraudulent behavior by its contractors and will continue to strengthen its federal oversight at Hanford.”

This matter is being handled by the Commercial Litigation Branch of the Justice Department’s Civil Division, the U.S. Attorney’s Office for the Eastern District of Washington, and the DOE-OIG. The claims asserted by the United States are allegations only; there has been no determination of liability.

The lawsuit is captioned *United States v. Mission Support Alliance, LLC, et al.*(E.D. Wash.).

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