United States Files False Claims Act Lawsuit in Connection With MOX Fuel Fabrication Facility Contract

The Department of Justice announced today that the United States has filed suit against CB&I AREVA MOX Services LLC (MOX Services) and Wise Services Inc. under the False Claims Act and the Anti-Kickback Act in connection with a contract between MOX Services and the National Nuclear Security Administration relating to the design and operation of the MOX Fuel Fabrication Facility (MFFF) at the NNSA Savannah River Site in Aiken, South Carolina. MOX Services is a South Carolina Limited Liability Corporation with headquarters in Aiken, South Carolina. Wise Services, which subcontracted with MOX Services, is an Ohio corporation with headquarters in Dayton, Ohio.

Under the MOX Contract, MOX Services agreed to design, build, operate (and ultimately decommission) the MFFF. The MFFF is designed to transform weapons-grade plutonium into mixed oxide fuel rods that may be irradiated in commercial nuclear power plants. In performing the MOX Contract, MOX Services entered into a series of subcontracts with Wise Services between 2008 and 2016. Each of these subcontracts provided for Wise Services to supply labor, materials, equipment, and supervision for unplanned construction activities (e.g. general labor, plumbing, electrical, carpentry) deemed necessary to support MOX Services’ efforts at the MFFF.

The government’s complaint alleges that Wise Services falsely claimed reimbursement under its subcontracts with MOX Services for construction materials that did not exist, and that in turn MOX Services knowingly submitted $6.4 million in claims to NNSA for the fraudulent charges submitted by Wise Services. The complaint further alleges that Wise Services’ Senior Site Representative Phillip Thompson paid kickbacks to MOX Services officials with responsibility for the subcontracts to improperly obtain favorable treatment from MOX Services. On Feb. 27, 2017, Mr. Thompson entered a guilty plea on charges of conspiring to commit theft of government funds.

“Government contractors who line their bank accounts by receiving kickbacks or submitting fraudulent claims undermine the public’s trust in government programs and operations,” said Assistant Attorney General Jody Hunt of the Department of Justice’s Civil Division. “We will continue to vigorously pursue those who misuse taxpayer funds.”

“Through rigorous enforcement of the False Claims Act, the Department of Justice protects taxpayer dollars from waste, fraud, and abuse,” said U.S. Attorney Sherri A. Lydon. “The U.S. Attorney’s Office for the District of South Carolina will continue to hold accountable government contractors who seek to fraudulently achieve profits at the expense of the American taxpayer.”

“The Department of Energy Office of Inspector General remains committed to ensuring the integrity of the Department’s contractors and subcontractors,” 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 protect the Department and the American taxpayers. 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.”

This matter was investigated by the Commercial Litigation Branch of the Department of Justice’s Civil Division, the U.S. Attorney’s Office for the District of South Carolina, and the Department of Energy’s Office of Inspector General.
claims asserted in this action are allegations only, and there has been no determination of liability.

The lawsuit is captioned United States v. CB&I AREVA MOX Services, LLC, et al. (D.S.C).

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**Component(s):**
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