

**Department of Justice****Office of Public Affairs****FOR IMMEDIATE RELEASE****December 15, 2014****Federal Contractors Eyak Technology LLC and Eyak Services LLC Resolve False Claims Act and Anti-Kickback Act Allegations**

Alaska and Virginia-based technology contractors Eyak Technology LLC (EyakTek) and Eyak Services LLC (ESL) have agreed to pay \$2.5 million and relinquish any rights to additional payments from the United States to resolve allegations that they submitted false claims to the U.S. Army Corps of Engineers, the Justice Department announced today. EyakTek and its sister company, ESL, provide healthcare, information technology, communications and infrastructure services to the U.S. government. Both are subsidiaries of The Eyak Corporation, headquartered in Anchorage, Alaska.

“Federal government contractors and their employees must adhere to high standards in their dealings with the government,” said Acting Assistant Attorney General Joyce R. Branda for the Justice Department’s Civil Division. “We will vigorously pursue those who pay kickbacks or otherwise engage in conduct that undermines the integrity of the contracting process.”

From 2005 to 2011, EyakTek held a \$1 billion prime contract with the U.S. Army Corps of Engineers known as the Technology for Infrastructure, Geospatial, and Environmental Requirements contract.

The government alleged that, between Sept. 12, 2007, and Oct. 4, 2011, EyakTek’s then-director of contracts, Harold Babb, accepted kickbacks from several subcontractors of EyakTek and ESL in return for using his position to direct subcontracts to them. EyakTek and ESL allegedly submitted invoices to the Army Corps that included charges for work that was never performed by the subcontractors and lacked internal controls to detect the improper charges.

In March 2012, Babb pleaded guilty to bribery and kickback charges. The U.S. District Court for the District of Columbia sentenced him to serve 87 months in prison, to be followed by 36 months of supervised release and more than \$9 million in restitution for his role in the kickback scheme.

The Army Corps stopped payments to EyakTek and ESL when the alleged scheme came to light. As part of the settlement, EyakTek and ESL will withdraw any appeals seeking the return of those funds, and relinquish all rights to any payments that have been withheld.

“This settlement demonstrates our willingness to use every tool of civil and criminal law in our arsenal to defend the American taxpayer from corruption in contracting,” said U.S. Attorney Ronald C. Machen Jr. for the District of Columbia. “The criminal investigation into this wide-ranging bribery and kickback scheme has now resulted in the convictions of 20 individuals, including EyakTek’s former contracts director. We have aggressively pursued asset forfeitures in the criminal proceedings to make the taxpayer whole and to deprive wrongdoers of their ill-gotten gains. This civil settlement sends a message to contractors who try to cheat in the competition for government funds.”

“This is yet another prime example of our commitment, along with other fellow law enforcement agencies to hold people and companies accountable for each and every detail of their contracts with the U.S. government and the U.S. Army,” said Director Frank Robey of the U.S. Army Criminal Investigation Command’s Major Procurement Fraud Unit. “Our agents will continue to aggressively investigate and identify any potential abuses that arise in regard to the contracting process.”

“Manipulations of the Department of Defense procurement process will not be tolerated,” said Special Agent in Charge Robert Craig for the Defense Criminal Investigative Service (DCIS) Mid-Atlantic Field Office. “Today’s settlement demonstrates the commitment by DCIS and its partner agencies to hold accountable companies who attempt to bypass federal contracting laws.”

Today’s settlement is the result of a coordinated effort among the department’s Civil Division, the U.S. Attorney’s Office for the District of Columbia, the U.S. Army Corps of Engineers, DCIS, the Defense Contract Audit Agency, the Army’s Major Procurement Fraud Unit and the Small Business Administration.

The claims settled by this agreement are allegations only, and there has been no determination of liability.