

U.S. Joins False Claims Act Suit Against Several Corporations and Individuals at Mississippi's Stennis Space Center

WASHINGTON – The United States has joined a whistleblower suit against Science Applications International Corp. (SAIC); Applied Enterprise Solutions (AES); Dale Galloway, Chief Executive Officer of AES; Stephen Adamec, former Director of the Naval Oceanographic Major Shared Resource Center (NAVO MSRC) at the Stennis Space Center in Hancock County, Mississippi; and Robert Knesel, Deputy Director of NAVO MSRC, the Justice Department announced today.

The lawsuit, filed in the U.S. District Court for the Southern District of Mississippi, alleges that the defendants knowingly violated the False Claims Act when they submitted (or caused to be submitted) false claims and conspired to submit false claims under a \$3.2 billion contract with the General Services Administration (GSA) to provide support services to a branch of the NAVO MSRC. In April 2004, GSA awarded the contract to SAIC, which teamed with AES and Lockheed Martin Space Operations to perform the agreement.

The suit alleges that Adamec and Knesel, then government employees, conspired with Galloway, SAIC, and AES to ensure that SAIC and its partners were awarded the contract by (a) sharing non-public, advance procurement information with the SAIC team that was not provided to other potential bidders; (b) sharing information about the solicitation with the SAIC team before providing that information to other bidders; and (c) choosing a type of contract and putting language in the solicitation in order to bias the selection process to favor the SAIC team.

The case was filed by David Magee, a former employee at the NAVO MSRC, under the *qui tam* or whistleblower provisions of the False Claims Act. Under the False Claims Act, a private party, known as a "relator," can file an action on behalf of the United States and receive a portion of the recovery. The Act further provides that the United States may recover three times the amount of its losses, plus civil penalties.

"Those who do business with the government must act fairly and in accordance with the law," said Tony West, Assistant Attorney General for the Civil Division. "As this case illustrates, the Department of Justice will actively pursue legal action against both contractors and federal employees who seek to gain an unfair advantage in the procurement process." Assistant Attorney General West thanked the Defense Criminal Investigative Service, the Naval Criminal Investigative Service, and the GSA Office of Inspector General, all of which aided the Civil Division in its investigation of this fraud matter.

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