



THE UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT *of* PENNSYLVANIA

FOR IMMEDIATE RELEASE

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Siemens Medical Solutions USA, Inc., To Pay \$5.9 Million To Resolve Civil False Claims Act Allegations

PHILADELPHIA – Healthcare technology company Siemens Medical Solutions USA, Inc. (“SMS”) has agreed to pay \$5.9 million to resolve an investigation into the overcharging of the federal government for purchases of medical imaging equipment. The civil resolution was announced today by United States Attorney Zane David Memeger.

On behalf of the United State Department of Defense (“DoD”), the Defense Supply Center of Philadelphia (“DSCP”) negotiated and entered into an agreement with SMS for the purchase of medical imaging equipment and support products between 2002 and 2008 (the “DSCP Contract”). The United States Department of Veterans Affairs (“VA”) also purchased medical imaging equipment through the DSCP Contract.

The United States alleged that SMS failed to provide the best price for certain DoD purchases made pursuant to the DSCP Contract. Specifically, SMS did not give the DoD the largest discount that a private or commercial customer had received for a “like system,” and, in doing so, overcharged the government. SMS also withheld information about this overcharging and kept money that it was not entitled to retain. After SMS uncovered evidence of the overcharging, SMS issued mass discounts on multiple occasions to address the misbilling on a prospective basis. SMS did not correct the overcharging that had occurred and further concealed it from the United States.

The United States also alleged that SMS overcharged the VA for certain imaging equipment orders – purchases made under the DSCP Contract – that had been converted to a newer model. Specifically, certain VA orders did not receive the larger discount that applied to the newer model which was delivered.

The allegations arose from an investigation led by the Department of Defense Office of Inspector General's Defense Criminal Investigative Service. The case was handled by Assistant United States Attorneys Eric D. Gill and Viveca D. Parker.