

## JUSTICE NEWS

### Department of Justice

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## **Florida-Based Centerra Services International Inc. Agrees to Pay \$7.4 Million to Settle False Claims Act Allegations Related to Wartime Contract**

Centerra Services International Inc., formerly known as Wackenhut Services LLC, has agreed to pay \$7.4 million to resolve allegations that Wackenhut violated the False Claims Act by double billing and inflating labor costs in connection with a contract for firefighting and fire protection services in Iraq, the Department of Justice announced today. Centerra is a security services company headquartered in Palm Beach Gardens, Florida.

“Our military depends on the private sector – both prime contractors and subcontractors – to provide critical services to protect the health and safety of our men and women in uniform,” said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department’s Civil Division. “Those subcontractors who knowingly inflate the costs of these services, which are passed onto the government and the taxpayer, will face appropriate consequences. Today’s settlement demonstrates our continuing vigilance to ensure that our servicemen and women obtain the services they need at the price we bargained for.”

Wackenhut provided U.S. military bases with firefighting and fire protection services under a subcontract with Kellogg Brown & Root Inc. (KBR), the prime contractor for the Army’s contract for logistical support in the military theater, known as LOGCAP III. LOGCAP III is the third generation of contracts under the Army’s Logistical Civil Augmentation Program. The government alleged that from 2008 to 2010, Wackenhut inflated its labor costs by billing the salaries of certain managers as direct costs under the subcontract, when those salaries had already been charged as indirect costs. The government further alleged that Wackenhut artificially inflated its labor rate by counting its costs for holidays, vacation, sick leave, rest and recuperation and other variable labor costs twice in calculating the rate. Wackenhut billed KBR, which then passed on the costs to the government under LOGCAP III.

“Contractors are expected to comply with their statutory obligations and act in good faith when dealing with the U.S. government,” said Special Agent in Charge Janice M. Flores of the Defense Criminal Investigative Service (DCIS) Southwest Field Office. “The DCIS is committed to working with its partner agencies, such as the U.S. Department of Justice, Defense Contract Audit Agency and the U.S. Army Criminal Investigation Command to ensure the integrity of the Defense Department’s procurement process. This settlement demonstrates that combatting fraud, waste and abuse within Department of Defense contracting remains a top priority.”

This settlement resolves a lawsuit filed by whistleblower Gary W. Reno under the *qui tam* or whistleblower provisions of the False Claims Act. The act permits private individuals to sue on behalf of the government those who falsely claim federal funds, or cause others to do so, and to receive a share of any funds recovered through the lawsuit. Reno will receive \$1.332 million as his share of the recovery.

This settlement was the result of a coordinated effort among the Civil Division’s Commercial Litigation Branch, the

U.S. Attorney's Office of the Eastern District of Texas, the Department of Defense Inspector General's Office, the Defense Criminal Investigative Service and the Defense Contract Audit Agency.

The case is captioned *Reno v. Kellogg Brown & Root, Inc. and Wackenhut Services, LLC, et al.*, Case No. 1:10-CV-504 (E.D. Tex.). The claims resolved by the settlement are allegations only; there has been no determination of liability.

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