

U.S. Joins Whistleblower Suit Alleging SAIC Rigged Contract-If the Government has a hard, fast case, this is textbook "how NOT to do business with the Government!" Shame on SPAWAR also.

By Amit R. Paley, of the Washington Post.

<http://projects.washingtonpost.com/staff/articles/amit+r.+paley/>

Washington Post Staff Writer Friday, July 3, 2009 SAIC

<http://projects.washingtonpost.com/post200/2007/SAIC/> , one of the Pentagon's largest contractors, conspired with federal officials to rig a \$3.2 billion technology contract and tried to cover up the scheme by destroying documents and electronic records, federal prosecutors said in newly unsealed court documents.

The Justice Department announced yesterday that it had joined a whistleblower lawsuit filed in federal court in Mississippi asking for a monetary judgment against SAIC, which has **already been paid \$116 million** under the contract.

"Those who do business with the government must act fairly and in accordance with the law," Assistant Attorney General Tony West said in a statement. "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."

The charges of bid-rigging relate to a 2004 contract for a computing center at the Stennis Space Center in Mississippi, which has provided state-of-the-art supercomputing resources to the military for the past.

For 15 years, the whistleblower suit alleges that the request for proposals was crafted to make it virtually impossible for any company besides SAIC to win. SAIC, a firm based in San Diego and McLean with annual revenue of more than \$10 billion, denied the allegations and said it would vigorously defend itself in court.

"We have thoroughly examined the Government's claims and found the allegations to be without merit," Laura Luke, a company vice president, wrote in an e-mail. "The Government has been reviewing this matter for three years and has failed to identify any information provided to SAIC that was not available to other bidders or that could have provided SAIC with an unfair competitive advantage in the procurement process."

The allegations against SAIC are outlined in documents filed by federal prosecutors and the whistleblower in the case, David Magee, a former computer scientist at the Mississippi space facility. His suit claims that the **scheme revolved around three government officials** involved in the \$3.2 billion contract to establish the National Center for Critical Information Processing and Storage at the site.

One of the key figures accused in the suit is **H. Dale Galloway**, the former director of the Space and Naval Warfare Systems Command's (SPAWAR) Information Technology Center in Louisiana. The center was the subject of a scathing 2003 report by the Defense Department's inspector general, which alleged waste, fraud and abuse and **recommended**

administrative action against Galloway. Shortly before a draft of the report was released, the lawsuit says, Galloway traveled numerous times to Mississippi to meet with two top officials at the Space Center who ultimately oversaw the \$3.2 billion bid. Stephen Adamec Jr., a member of the technical evaluation board that awarded the contract, and Robert Knesel, a contracting officer (CO) who worked on the contract. The lawsuit says the three met even though Galloway's center had no business with the Mississippi facility. Galloway was pressed to resign in June, two weeks after he incorporated a company, **Applied Enterprise Solutions**, in the name of his wife, Mary, a homemaker and self-employed photographer with no experience in the computer industry, the lawsuit says.

Galloway and his wife did not reply to phone and e-mail messages. "AES was a shell company with no employees (other than Mr. and Mrs. Galloway), no offices, and no contracts," the suit alleges. The lawsuit says that **the three men collaborated secretly** for six months before the request to create the new center was ever released. It **says they provided SAIC non-public information that was never released to other prospective bidders.** Galloway's company became a subcontractor for SAIC, according to the suit. Knesel began planning what he called "*The Big Project*," a scheme to lure other federal agencies besides the Defense Department into using the new center for their supercomputing needs, according to the suit. It says that at the end of 2003 he began to **secretly meet with Lockheed Martin** employees about the project.

According to court documents, **Lockheed Martin and SAIC entered into a non-disclosure agreement** in December 2003 concerning an "expansion opportunity" at the space center. In February, a few days before the requests for proposals were issued, SAIC hosted a meeting with Galloway and Lockheed Martin employees during which information about the request was disclosed and tasks were assigned to begin forming a bid, the documents say.

The whistleblower suit cites the compressed bidding process for the contract. The proposals were due less than a month after bids were solicited and were so complex that Adamec of the TET and Knesel (the CO) estimated the winning proposal would require more than 20 million hours, or 10,500 people working for a year, according to the suit. It notes that, besides SAIC, only one other company submitted a proposal for the enormous contract.

Adamec and Knesel did not respond to requests for comment, but the Justice Department joined the part of the whistleblower suit that alleged violations of the False Claims Act by SAIC, Adamec, Knesel and Galloway, all of whom it accused of trying to cover up the scheme by destroying computer hard drives and bags of documents. But DOJ declined to join the portion of the lawsuit that alleged wrongdoing by Lockheed Martin. Hum, what's up with that you can only wonder?

"Mr. McGee's allegations against us are without merit and we are gratified the Department of Justice did not join that part of the lawsuit naming us as a defendant," said Jeffery Adams, a spokesman for Lockheed Martin. Staff researcher Eddy Palanzo contributed to this report.