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United States Settles Lawsuit Against Energy Department Contractors for Knowingly Mischarging Costs on Contract at Nuclear Waste Treatment Plant

The Justice Department announced today that Bechtel National Inc., Bechtel Corp., URS Corp. (predecessor in interest to AECOM Global II LLC) and URS Energy and Construction Inc. (now known as AECOM Energy and Construction Inc.) have agreed to pay \$125 million to resolve allegations under the False Claims Act that they made false statements and claims to the Department of Energy (DOE) by charging DOE for deficient nuclear quality materials, services, and testing that was provided at the Waste Treatment Plant (WTP) at DOE's Hanford Site near Richland, Washington. The settlement also resolves allegations that Bechtel National Inc. and Bechtel Corp. improperly used federal contract funds to pay for a comprehensive, multi-year lobbying campaign of Congress and other federal officials for continued funding at the WTP. Bechtel Corp. and Bechtel National Inc. are Nevada corporations. URS Corp. is headquartered in California, and URS Energy & Construction Inc. is headquartered in Colorado.

"The money allocated by Congress for the Waste Treatment Plant is intended to fund the Department of Energy's important mission to clean up the contaminated Hanford nuclear site, and this mission is undermined if funds are wasted on goods or services that are not nuclear compliant or to further lobbying activities," said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department's Civil Division. "This settlement demonstrates that the Justice Department will work to ensure that public funds are used for the important purposes for which they are intended."

"The environmental clean-up and restoration of the land that comprises the Hanford Nuclear Reservation is one of the single most important projects in this region," said U.S. Attorney Michael C. Ormsby of the Eastern District of Washington. "It is imperative that funds allocated for this project be used appropriately and judiciously – the public expects nothing less. This office and our DOJ and DOE counterparts take allegations of contractor abuse seriously and place a priority on investigating and pursuing enforcement when those allegations could impact the safety and security of our citizens."

"The DOE Office of Inspector General is committed to ensuring the integrity of Departmental contracts and financial expenditures," said Acting Inspector General Rickey R. Hass. "We will continue to

steadfastly investigate allegations of fraudulent diversion of tax dollars throughout DOE programs and appreciate the support of DOJ attorneys in these matters.”

Between 2002 and the present, DOE has paid billions of dollars to the defendants to design and build the WTP, which will be used to treat dangerous radioactive wastes that are currently stored at DOE’s Hanford Site. The contract required materials, testing and services to meet certain nuclear quality standards. The United States alleged that the defendants violated the False Claims Act by charging the government the cost of complying with these standards when they failed to do so. In particular, the United States alleged that the defendants improperly billed the government for materials and services from vendors that did not meet quality control requirements, for piping and waste vessels that did not meet quality standards and for testing from vendors who did not have compliant quality programs. The United States also alleged that Bechtel National Inc. and Bechtel Corp. improperly claimed and received government funding for lobbying activities in violation of the Byrd Amendment, and applicable contractual and regulatory requirements, all of which prohibit the use of federal funds for lobbying activities.

The allegations resolved by this settlement were initially brought in a lawsuit filed under the *qui tam*, or whistleblower, provisions of the False Claims Act by Gary Brunson, Donna Busche, and Walter Tamosaitis, who worked on the WTP project. The False Claims Act permits private parties to sue on behalf of the United States when they believe that a party has submitted false claims for government funds, and to receive a share of any recovery. The Act also permits the government to intervene in such a lawsuit, as it did in part in this case. The whistleblowers’ reward has not yet been determined.

This matter was handled by the Civil Division’s Commercial Litigation Branch, the U.S. Attorney’s Office for the Eastern District of Washington, the DOE Office of the Inspector General and the FBI.

The claims asserted against defendants are allegations only, and there has been no determination of liability. The case is *United States ex rel. Brunson, Busche, and Tamosaitis v. Bechtel National, Inc., Bechtel Corp., URS Corp., and URS Energy & Construction, Inc.*, Case No. 2:13-cv-05013-EFS (E.D. Wash.).

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