



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, JULY 28, 2016
WWW.JUSTICE.GOV

CIV
(202) 514-2007
TTY (866) 544-5309

UNITED STATES SUES FORMER EXECUTIVES OF GOVERNMENT CONTRACTOR FOR MAKING FALSE CLAIMS IN CONNECTION WITH RECONSTRUCTION CONTRACTS IN AFGHANISTAN AND IRAQ

WASHINGTON – The Justice Department announced today that the government has filed suit under the False Claims Act against Derish M. Wolff and Salvatore J. Pepe, respectively the former CEO and CFO of Louis Berger Group Inc. (LBG), for conspiring to overbill the U.S. Agency for International Development (USAID) and other government agencies for costs incurred performing reconstruction contracts in Afghanistan, Iraq, and other countries, the Justice Department announced today. LBG is based in East Orange, New Jersey.

“Those who do business with the U.S. government should expect appropriate consequences if they do not deal fairly,” said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department’s Civil Division. “As this case demonstrates, the government will hold both corporate entities and individuals accountable if they misuse taxpayer funds.”

The government’s complaint alleges that Wolff and Pepe designed and directed various accounting schemes that resulted in LBG billing the government for indirect overhead costs at inflated rates. According to the complaint, for example, Wolff and Pepe shifted portions of salaries of LBG executives and accounting personnel from contracts paid for by foreign and state governments and private entities to contracts paid for by the United States. Wolff and Pepe allegedly certified the false rates and submitted them to the government in annual financial reports.

The United States resolved criminal and civil claims against LBG arising from this conduct on Nov. 5, 2010. At that time, LBG entered into a Deferred Prosecution Agreement and paid \$50.6 million to resolve False Claims Act allegations. Pepe pleaded guilty on that date to a charge of conspiracy to defraud the government and was later sentenced to one year probation. Wolff pleaded guilty to the same charge on Dec. 12, 2014, and was later sentenced to 12 months of home confinement and required to pay a \$4.5 million fine for his role in the scheme. The complaint filed today asserts civil claims against Wolff and Pepe.

The United States filed its complaint in a lawsuit originally brought under the *qui tam*, or whistleblower, provisions of the False Claims Act, by Harold Salomon, an LBG accountant from March 2002 to October 2005. Under the Act, a private citizen can sue on behalf of the United

States and share in any recovery. The United States is also entitled to intervene in the lawsuit, as it has done in this case.

This matter is being handled by the Civil Division's Commercial Litigation Branch and the U.S. Attorney's Office for the District of Maryland, with investigative support from the FBI, USAID's Office of Inspector General, the Defense Criminal Investigative Service and the Defense Contract Audit Agency.

"I applaud the dedication of USAID-OIG special agents, along with special agents of the FBI and the Defense Criminal Investigative Service," said USAID Inspector General Ann Calvaresi Barr. "Their joint investigative work has helped the Justice Department take action against those responsible and signals our continuing commitment to protecting public funds from fraud, waste, and abuse."

The case is *United States ex rel. Harold Salomon v. Derish M. Wolff & Salvatore J. Pepe*, Civ. No. RWT-06-1970 (D. Md.). The claims asserted against Wolff and Pepe are allegations only to the extent not admitted in their criminal pleas, and there has been no determination of civil liability.

#

16-876

DO NOT REPLY TO THIS MESSAGE. IF YOU HAVE QUESTIONS, PLEASE USE THE CONTACTS IN THE MESSAGE OR CALL THE OFFICE OF PUBLIC AFFAIRS AT 202-514-2007.