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GOVERNMENT PREVAILS IN CONFLICT-OF-INTEREST CASE AGAINST SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

On July 31, a federal jury sitting in the District of Columbia concluded a four-week trial by finding Science Applications International Corporation (SAIC) liable for violating the False Claims Act and breaching a contract with the Nuclear Regulatory Commission. The jury found that SAIC knowingly submitted 60 false claims for payment and knowingly made 17 false statements to get claims paid on two NRC contracts in the 1990s.

“The NRC is pleased the jury recognized SAIC’s conflicts of interest and ruled in favor of the government,” said Bill Borchardt, the NRC’s Executive Director of Operations. “The verdict vindicates our earlier decision to terminate SAIC’s contract; we do not and will not tolerate conflicts of interest where public health and safety is concerned.”

The jury awarded the United States \$1.97 million in damages, which are tripled to \$5.91 million under the False Claims Act. SAIC must also pay penalties of between \$5,000 and \$10,000 for each of the 77 false claims and statements that it submitted to the NRC.

The jury found SAIC failed to avoid and disclose conflicts of interests that had the potential to bias its work helping the NRC create a rule that would govern whether radioactive materials from nuclear facilities could be released or recycled. The jury found that SAIC knowingly concealed business relationships with private corporations that stood to benefit from the rule. SAIC’s conflicting relationships were exposed by a private citizen at a public meeting held in November of 1999 and the NRC terminated SAIC’s contract for conflicts of interest soon thereafter.

The U.S. Department of Justice, Civil Division, and the NRC’s Office of General Counsel represented the United States in the case, with investigative support from the NRC’s Office of Inspector General.

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