UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA, ex rel. MICHAEL LINDLEY, Plaintiff, v. THE GALLUP ORGANIZATION, Defendant;	UNITED STATES' COMPLAINT IN INTERVENTION
	Civil Action No.: 1:09-CV-01985 (ABJ)
UNITED STATES OF AMERICA, Plaintiff, v. TIMOTHY CANNON, Defendant.	

UNITED STATES' COMPLAINT IN INTERVENTION

The United States of America, for its complaint, alleges as follows:

INTRODUCTION

1. This is a civil action by the United States of America against defendant The Gallup Organization (Gallup) to recover treble damages and civil penalties under the False Claims Act, 31 U.S.C. §§ 3729-3733; for civil penalties under 18 U.S.C. §§ 208 and 216 and under the Procurement Integrity Act, 41 U.S.C. §§ 2101-2105; and for damages under the common law and equitable claims of breach of contract, unjust enrichment, payment by mistake, and breach of fiduciary duty, arising from three schemes: (1) Gallup's knowing use and submission of false

and/or fraudulent labor hour estimates to provide market surveys and other services under contracts with the United States Mint and the Department of State; (2) Gallup's knowing failure to charge the lowest prices available on certain federal contracts, as required by those contracts; and (3) Gallup's knowing pursuit of prohibited employment discussions with Defendant Timothy Cannon, a then-employee of the Federal Emergency and Management Agency (FEMA) who personally and substantially participated in the award and administration of a FEMA subcontract that Gallup was seeking. As a result of Gallup's false and/or fraudulent representations and conduct, and the government's reliance thereon, the government was falsely and/or fraudulently induced to enter into and accept terms and conditions on contracts and task orders to which it would not have agreed had it known the truth. Because the United States was falsely and/or fraudulently induced to enter into certain contract and task order terms with Gallup, each claim for payment under those contracts and task orders was a false claim.

2. This is also an action against Defendant Timothy Cannon for civil penalties under 18 U.S.C. §§ 208 and 216, and under the Procurement Integrity Act, 41 U.S.C. §§ 2101-2105, and for breach of fiduciary duty. Cannon, a former FEMA official, was personally and substantially involved in both the award of a FEMA subcontract to Gallup and in the increase of the award amount. At the same time, Cannon was seeking employment with Gallup, and did not either notify FEMA of his employment negotiations with Gallup or recuse himself from the contracting process.

3. Relator, Michael Lindley, originally filed this action against Gallup on behalf of the United States, pursuant to *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3729(b)(1). The United States files this complaint in intervention pursuant to 31 U.S.C. § 3730(b)(4)(A), and adds an additional defendant, Timothy Cannon.

JURISDICTION AND VENUE

4. This action arises under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Procurement Integrity Act, 41 U.S.C. § 2101-2105; 18 U.S.C. §§ 208 and 216, and common law. This Court has subject matter jurisdiction over this action pursuant to 31 U.S.C. §§ 3730 and 3732(a); 41 U.S.C. § 2105; 18 U.S.C. § 216; and 28 U.S.C. §§ 1331, 1345, 1355, and 2461(a).

5. This Court has personal jurisdiction over Defendant Gallup because Defendant conducts business in the District of Columbia, because Defendant Gallup made and used false statements from within the District of Columbia, and because many of the prohibited acts committed by Gallup occurred within the District of Columbia.

6. This Court has personal jurisdiction over Defendant Timothy Cannon because the prohibited acts committed by Timothy Cannon occurred within the District of Columbia and because, during the relevant time period, Cannon worked within the District of Columbia for a federal agency located and headquartered within the District of Columbia.

7. Venue is proper in this district under 28 U.S.C. §§ 1391(b), (c) and 1395, and under 31 U.S.C. § 3732(a). Defendant Gallup can be found, resides, and transacts business within the District of Columbia. Many of the acts committed by Gallup and Cannon and proscribed by the False Claims Act; 18 U.S.C. § 208; and the Procurement Integrity Act occurred within the district.

THE PARTIES

8. The Plaintiff in this action is the United States of America.

9. The United States Mint is a self-funded bureau of the United States Department of the Treasury, a cabinet-level executive agency of the United States, with headquarters in Washington, D.C. First established by the Coinage Act of 1792, the United States Mint

manufactures and distributes circulating coins; gold, silver, and platinum bullion coinage; collectible coins; and national medals to meet the needs of the United States. In addition to producing coins and medals, the United States Mint also maintains physical custody and protection of the Nation's gold reserves and silver assets.

10. The United States Bureau of Consular Affairs is a bureau of the United States Department of State, a cabinet-level executive agency of the United States headquartered in Washington, D.C. The mission of the Bureau of Consular Affairs is to protect the lives and interests of American citizens abroad and to strengthen the security of United States borders through the vigilant adjudication of visas and passports.

11. FEMA is an agency of the United States Department of Homeland Security, a cabinet-level agency of the United States headquartered in Washington, D.C. FEMA's mission is to build, sustain, and improve the United States' capability to prepare for, protect against, respond to, recover from, and mitigate hazards and disasters.

12. Relator Michael Lindley was, between February 2008 and July 2009, the Director of Client Services for Gallup's government division. As Director of Client Services Relator was responsible for the preparation of budgets used both in cost proposals to the United States and in Gallup's internal budget estimates entered into its project management and accounting systems.

13. During the time period relevant to this Complaint, the Gallup Organization provided polling, market research, and consulting services to commercial and government customers worldwide. Gallup's World Headquarters is located in Omaha, Nebraska, while Gallup's government division is located at 901 F Street NW, Washington, D.C.

14. Defendant Timothy M. Cannon was, during the time period relevant to this Complaint, the Director of Human Capital for FEMA. As Director of Human Capital, Mr.

Cannon was responsible for oversight, training, and administration of FEMA's federal workforce. During the time period relevant to this Complaint, Mr. Cannon's office was located in Washington D.C.

THE FALSE CLAIMS ACT

15. Originally enacted in the 1860s to combat fraud against the Union Army during the Civil War, the False Claims Act, 31 U.S.C. §§ 3729-3733, is the primary tool with which the United States combats false claims and fraud against the Government and protects the federal fisc. The Supreme Court has held that the False Claims Act's provisions must be construed broadly to reach "all types of fraud, without qualification, that might result in financial loss to the Government." *United States v. Neifert-White*, 390 U.S. 228, 232, 88 S.Ct. 959 (1968).

16. The False Claims Act provides that a person is liable to the United States Government for each instance in which the person knowingly presents, or causes to be presented a false or fraudulent claim for payment or approval. 31 U.S.C. § 3729(a)(1)(2006) and 31 U.S.C. § 3729(a)(1)(A) (West 2010).

17. As amended by the Fraud Enforcement and Recovery Act of 2009 (FERA), the false statements provision of the False Claims Act makes liable any person who "knowingly makes, uses, or causes to be made or used, a false record or statement material to a false or fraudulent claim." 31 U.S.C. § 3729(a)(1)(B) (West 2010). The prior version of the false statements provision of the False Claims Act makes liable any person who "knowingly makes, uses, or causes to be made or used, a false record or statement to get a false or fraudulent claim paid or approved by the Government." 31 U.S.C. § 3729(a)(2) (2006).

18. The False Claims Act defines "knowingly" to mean that a person, with respect to information: "(1) has actual knowledge of the information; (2) acts in deliberate ignorance of the

truth or falsity of the information; or (3) acts in reckless disregard of the truth or falsity of the information;" and further provides that no proof of specific intent to defraud is required. 31 U.S.C. § 3729(b) (2006) and 31 U.S.C. §3729(b)(1) (West 2010).

19. Before May 2009, the False Claims Act defined the term "claim" to include "any request or demand, whether under a contract or otherwise, for money or property which is made to a contractor, grantee, or other recipient if the United States Government provides any portion of the money or property which is requested or demanded, or if the Government will reimburse such contractor, grantee, or other recipient for any portion of the money or property which is requested or demanded." 31 U.S.C. § 3729(c) (2006). As amended on May 20, 2009, the FCA defines the term "claim" to mean, in relevant part: "any request or demand, whether under a contract or otherwise, for money or property and whether or not the United States has title to the money or property, that -- (i) is presented to an officer, employee, or agent of the United States; or, (ii) is made to a contractor, grantee, or other recipient, if the money or property is to be spent or used on the Government's behalf or to advance a Government program or interest, and if the United States Government --- (I) provides or has provided any portion of the money or property requested or demanded; or (II) will reimburse such contractor, grantee, or other recipient for any portion of the money or property which is requested or demanded . . . ." 31 U.S.C. §3729(b)(2)(A) (West 2010).

THE REQUIREMENT FOR FAIR AND REASONABLE PRICES IN GOVERNMENT CONTRACTING

20. The Federal Acquisition Regulation (FAR) requires that government contracting officers must "[p]urchase supplies and services from responsible sources at fair and reasonable prices." 48 C.F.R. § 15-402(a).

21. The Truth in Negotiations Act (TINA) 10 U.S.C. § 2306a, provides, in relevant part, that "[w]hen certified cost or pricing data are not required to be submitted under this section for a contract, subcontract, or modification of a contract or subcontract, the contracting officer shall require submission of data other than certified cost or pricing data to the extent necessary to determine the reasonableness of the price of the contract, subcontract, or modification of the contract or subcontract." 10 U.S.C. § 2306a(d).

22. The cost estimates Gallup provided to the United States Mint, State Department, and FEMA, and other statements made by Gallup in its proposals to prospective government customers, were "other than certified cost or pricing data" and were material to and necessary for those agencies to assess the reasonableness of Gallup's proposed prices.

18 U.S.C. § 208, 18 U.S.C. § 216, AND THE PROCUREMENT INTEGRITY ACT

23. Section 208 of Title 18 of the United States Code is a federal employee conflict of interest statute designed to protect the integrity of federal agency decision-making by ensuring that federal officials and employees are not tempted by competing loyalties between their federal employment and other actual or potential financial interests.

24. In relevant part, 18 U.S.C. § 208(a) provides that "whoever, being an officer or employee of the executive branch of the United States Government, or of any independent agency of the United States . . . participates personally and substantially as a Government officer or employee, through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, in a . . . contract . . . or other particular matter in which, to his knowledge, he . . . or any person or organization with whom he is negotiating or has any arrangement concerning prospective employment, has a financial interest [s]hall be subject to the penalties set forth in section 216 of this title," unless, as relevant here, that individual first

notifies the agency by which he is employed and receives an advance determination from the agency allowing him to proceed.

25. In addition to criminal penalties, 18 U.S.C. § 216 provides for a civil right of action by the United States against any person or entity that violates 18 U.S.C. § 208 and provides for a civil penalty not to exceed either $50,000 per violation, or the amount of compensation that was provided or offered to the federal employee, whichever is greater.

26. The Procurement Integrity Act, 41 U.S.C. § 2103, requires that "[a]n agency official participating personally and substantially in a Federal agency procurement for a contract in excess of the simplified acquisition threshold who contacts or is contacted by a person that is a bidder or offeror in that Federal agency procurement regarding possible non-Federal employment for that official" must immediately report the employment contact to his or her agency. Additionally, the federal employee must either recuse himself from the procurement matter entirely or completely reject the possibility of employment with the bidder or offeror.

27. An official who fails to act as required by 41 U.S.C. § 2103 is subject to civil and criminal penalties. Additionally, an offeror or bidder who engages in employment discussions with the federal official is subject to civil and criminal penalties if the offeror or bidder knows that the federal employee has not notified his agency or knows that the federal employee has not recused himself from the procurement.

28. Under 41 U.S.C. § 2105, in addition to criminal penalties, individuals who violate the Procurement Integrity Act are subject to civil suits and penalties of not more than $50,000 per violation plus twice the amount of compensation offered or provided to the individual. Organizations that violate the Procurement Integrity Act by knowingly taking part in prohibited employment discussions are subject to civil penalties of not more than $500,000 per

violation plus twice the amount of compensation offered or provided to the individual. Additionally, a Procurement Integrity Act violation entitles the federal agency to cancel the procurement if an award has not yet been made, to rescind the contract if an award has been made and to recover the entire amount provided to the contractor under the contract, or to suspend or debar the contractor or offeror from federal government business.

THE FEDERAL ACQUISITION REGULATION

29. The Federal Acquisition Regulation (FAR), 48 C.F.R. Part 1, requires, in relevant part, that "Government business shall be conducted in a manner above reproach and, except as authorized by statute or regulation, with complete impartiality and with preferential treatment for none. Transactions relating to the expenditure of public funds require the highest degree of public trust and an impeccable standard of conduct. The general rule is to avoid strictly any conflict of interest or even the appearance of a conflict of interest in Government-contractor relationships." 48 C.F.R. § 3.101-1.

30. FAR 3.101-2 states that "[a]s a rule, no Government employee may solicit or accept, directly or indirectly, any gratuity, gift, favor, entertainment, loan, or anything of monetary value from anyone who (a) has or is seeking to obtain Government business with the employee's agency, (b) conducts activities that are regulated by the employee's agency, or (c) has interests that may be substantially affected by the performance or nonperformance of the employee's official duties."

31. FAR 9.505 contains requirements regarding organizational conflicts of interest, which are defined generally as situations in which a contractor either: (1) has an unfair competitive advantage in agency contracting; or (2) is placed in a situation that might bias its work for the federal agency.

32. One situation, specifically discussed in the FAR, that creates an unfair competitive advantage in obtaining an agency award is when the contractor has had a role in drafting or preparing the agency's statement of work. Accordingly, absent specific circumstances, a contractor that participates in drafting or preparing the statement of work should not receive the award because that contractor "might be in a position to favor its own products or capabilities." FAR 9.505-(2)(b).

STATEMENT OF FACTS

I. GALLUP'S FEDERAL CONTRACTING BUSINESS

33. Beginning in or about 1996, Gallup began to develop its business with the federal government. At the time of the events alleged in this Complaint, Gallup had many years of experience contracting with federal government agencies, including the United States Postal Service, the Department of Education, the General Services Administration, and the Government Accountability Office.

34. As a federal contractor, Gallup has performed survey and market research of various kinds, including tracking studies, polling, in-depth interviewing, qualitative research, and demographic analyses. Gallup also has had federal contracts to conduct surveys of federal employees to measure and assess their engagement with their jobs and provide their federal agency employers with data to maximize employee strengths and productivity.

35. During the time period relevant to this complaint, Gallup had a General Services Administration (GSA) Multiple Award Schedule (MAS) contract, GSA Contract No. GS-00F-0078M, to provide management, organizational, and business improvement services to the government. Under the MAS program, GSA negotiates prices and contract terms that will apply to subsequent orders placed for all of the items that are covered by the MAS contract. The list of

products or services that are available for purchase under a particular MAS contract is referred to as the contract "schedule." Federal agencies could and did order services from Gallup using Gallup's GSA MAS schedule contract.

36. Although Gallup maintained separate government and commercial divisions, it used the same partner compensation structure for both; the partners on both sides were compensated with a base salary and incentive compensation known as "FORMAX" (*i.e.*, "For Maximized Productivity"). Gallup provided two types of FORMAX compensation to its partners: Revenue FORMAX and Profit FORMAX. Revenue FORMAX was a fixed percentage of cash collections of the gross margin on an engagement, provided gross margin exceeded a certain threshold percentage. Profit FORMAX was an annual payment calculated as a fixed percentage of the profitability of a partner's total client portfolio, provided profits exceeded an established threshold. Gallup partners could increase their FORMAX compensation by both maximizing client contract revenues and lowering Gallup's internal costs in performing their engagements.

37. Both during the period relevant to this Complaint and currently, James Clifton was and is the Chief Executive Officer of Gallup. Clifton has ultimate responsibility for hiring Gallup employees. In some instances, Clifton takes a direct role in initiating and carrying out negotiations and discussions with respect to the hiring process.

38. In or around 1996, Gallup hired Sameer Abraham as a Vice President and Managing Research Director for Gallup's government division. Abraham was later promoted to Partner. When hired, Abraham had 10 years of experience working on federal government contracts. Both Abraham and Gallup touted this experience to the federal government in attempting to win additional business for Gallup.

39. In or around July 2005, Gallup hired Timothy Blass as a qualified partner. Blass later became an engagement manager and in 2007 became an Associate Partner. Prior to joining Gallup, Blass had 18 years of government contracting experience.

40. In or around March 2006, Gallup hired Warren Wright. At times relevant to the Complaint, Wright was employed by Gallup, he was the Managing Partner of the government division. As Managing Partner, Wright was responsible for hiring in the government division. In July 2009, Wright was demoted to Senior Partner within the government division.

41. In February 2008, Gallup hired Michael Lindley as Director of Client Services for the government division. Lindley had no prior government contracting experience. As Director of Client Services, Lindley, at the direction of Gallup partners, prepared budgets for partners who wanted to bid on government projects. Lindley was also responsible for entering internal budgets, including internal labor hour and cost estimates, into Gallup's project management system. During the performance of government contracts, Lindley tracked whether the actual hours and direct costs expended by Gallup were in line with Gallup's internal budgets, and reported his findings to the Gallup partner in charge of the project.

42. From the time that Gallup first became involved in government contracting until at least 2009 or 2010, Gallup provided almost no formal training on government procurement or contracting to its government division employees. Instead of requiring its government division employees to attend training sessions on the rules and regulations governing contracts and procurement with the federal government, Gallup left it up to its government division employees to learn on the job.

43. During the period of time relevant to the complaint, Gallup did not have a consistent manner in which it responded to government requests for proposals. Instead, each

partner devised his own way of preparing proposals and accompanying budgets for the government. Additionally, the proposals and budgets were not required to be approved or reviewed beyond the partner submitting the proposal.

44. Gallup maintained an internal budget and project management system, known as S2000, to track its internal contract labor hour estimates. Gallup also maintained a separate internal accounting system that tracked hours that Gallup proposed to the government for particular contract work, and the actual hours that Gallup worked on its federal contracts.

45. Gallup partner Sameer Abraham developed Gallup's proposals for two of the contracts at issue in this action. When proposing on federal contracts and task orders, Abraham determined the likely labor categories necessary to perform the contract or task order, and then developed a purported estimate of the number of hours that each labor category would need to perform their portion of the work. Gallup submitted these purported labor hour estimates to federal agencies to demonstrate the reasonableness of Gallup's proposed prices, but with respect to at least two federal contracts, Gallup knew that Abraham's labor hour estimates were falsely and fraudulently inflated. In fact, for internal Gallup tracking purposes, Abraham entered different and significantly lower labor hour estimates into Gallup's S2000 than the estimates provided to the federal government. These lower estimates reflected the true number of hours that Abraham actually expected would be worked by various labor categories to perform federal contract work.

46. Gallup often did not face significant competition regarding its labor hour estimates and was often able to leverage its brand as the "most trusted name in polling" to obtain contracts even when Gallup was not the offeror with the lowest price. Gallup's practice of creating inflated labor hour figures to obtain larger contract awards than its true internal

estimates would have provided made Gallup's government group highly profitable. Government division employees who received FORMAX compensation also financially benefitted substantially. Abraham was selected as the "rainmaker of the year" for 2008 for obtaining so many profitable Gallup contracts for the government group. Abraham and other Gallup employees regularly bragged about how Gallup's government group was disproportionately profitable as compared to Gallup's other sectors.

II. GALLUP'S SUBMISSION OF INFLATED LABOR HOUR ESTIMATES AND LABOR RATES TO THE UNITED STATES MINT

47. In March 2007, Gallup entered into an indefinite delivery, indefinite quantity (IDIQ) contract with the United States Mint, contract number TM-HQ-07-C-0036 (Mint Contract). The Mint Contract required Gallup to provide market research services in connection with the issuance of one dollar Presidential Coins as required by the Presidential $1 Coin Act of 2005, 31 U.S.C. § 5112(n), (p).

48. An IDIQ contract provides for an indefinite quantity of services for a fixed period of time when the government cannot determine, above a certain minimum, the quantity of services required. The government places delivery orders or task orders against an IDIQ contract as the need for services is determined, which the contractor must perform under the terms and conditions set forth in the IDIQ contract. Until such time as a delivery order or task order is placed against an IDIQ contract, the government has not obligated any funds to the contract.

49. The United States Mint's Office of Sales and Marketing required market research services to support its Public Information and Awareness program because there was "significant uncertainty regarding the public acceptance and potential for circulating and numismatic demand of these new $1 coins." Under the Mint Contract, Gallup agreed to develop research plans,

conduct surveys, conduct focus groups, and perform other market research.

50. The contract included labor categories and hourly rates that were negotiated and agreed upon. These rates included direct labor costs, indirect and overhead costs, local travel and commuting costs, and Gallup's fee or profit.

51. The Mint Contract also contained a Price Protection Clause, which mandated that Gallup warrant and guarantee that the prices it was charging the United States Mint were the lowest available. The Price Protection Clause further required that Gallup provide the United States Mint with lower rates if it sold or offered to sell its services at a lower rate within six months before or after award of the contract or any task orders.

52. The initial total maximum value of the United States Mint contract was $3,500,000. In 2008, this maximum amount was increased to $7,500,000. The contract ended on June 30, 2009, when the United States Mint declined to exercise the final two one-year option periods.

53. The United States Mint awarded 27 task orders to Gallup under the IDIQ contract. Although Gallup's IDIQ contract was competitively awarded, none of the 27 task orders awarded to Gallup were competitively bid. Gallup consistently referred to the United States Mint contract as a sole-source contract.

54. Twenty-three of the 27 task orders awarded to Gallup under the United States Mint contract were fixed price task orders for which Gallup was paid the negotiated price for the work performed irrespective of the number of labor hours expended. The remaining four task orders were time and materials contracts for which Gallup was compensated based only on the number of hours worked at the negotiated labor rates. United States Mint employees would meet with Gallup to discuss proposed task orders under the contract.

55. For each task order, Gallup prepared a technical proposal and price proposal as required by the contract. Gallup's price proposal for each of the 27 task orders consisted of a spreadsheet that identified the labor categories and other direct costs proposed to be used for the particular task order. The total proposed price was the sum of the labor price (fixed labor rates multiplied by the total purported estimated hours per labor category), plus the other direct costs. Gallup titled the spreadsheet a "budget" and further represented that the budget reflected Gallup's expected "personnel, estimated labor hours, and costs."

56. The United States Mint cancelled six of the task orders during the period of performance, and Gallup was paid the amount that it had invoiced the United States Mint at the time the task orders were cancelled, not the entire amount that had originally been obligated for the task order. The cancelled task orders were numbers 3, 5, 6, 8, 21, and 22.

57. Gallup was required to provide the United States Mint with monthly invoices under the contract for work actually performed under the issued task orders. In total, the United States Mint paid Gallup $6,077,411.36 for its work on the United States Mint contract. Of that amount, the United States Mint paid Gallup $5,566,420.95 pursuant to the firm fixed price task orders and $510,990.41 for the four time and materials task orders.

A. Gallup's Use of Inflated Labor Hour Estimates on Firm Fixed Price Task Orders Under the United States Mint Contract

58. For each of the firm fixed-price task orders issued under the United States Mint contract, the price proposal and budget, including labor hour figures, submitted by Gallup was the basis for the firm fixed price. The United States Mint relied upon Gallup's labor hour submissions and Gallup's representation that its proposed budget represented its true estimated hours and cost for each task order. The United States Mint contracted with Gallup because of

Gallup's experience and because the United States Mint did not have the expertise to complete the work on its own. The United States Mint relied on Gallup's experience to estimate the number of hours necessary to complete the work. While important to both types of task orders, the United States Mint relied even more heavily on Gallup's labor hour submissions for the 23 firm fixed price task orders because the funds obligated for the task orders were paid to Gallup unless the task order was cancelled, irrespective of hours actually worked.

59. Based on communications with the United States Mint, Gallup understood that the budget that it submitted to the United States Mint containing Gallup's purported labor hour estimates was material to the Mint. The task orders were not competitively awarded and, therefore, Gallup's price proposal and budget, including its labor hour submissions, served as the sole basis for the United States Mint's consideration and determination of Gallup's proposed pricing as fair and reasonable.

60. Sameer Abraham, the Gallup partner on the Mint Contract, submitted the task order proposals and budgets, including the purported labor hour estimates, to the United States Mint. The budgets submitted by Gallup to the United States Mint reflected labor hour figures and other direct costs that Abraham and Gallup significantly inflated beyond Gallup's true anticipated and estimated labor hours and other direct costs.

61. When the United States Mint awarded a task order under the contract, Abraham then had Michael Lindley input the budget into S2000. The budget that Abraham directed Lindley to input was not the falsely inflated budget that had been provided to the United States Mint. Instead, Abraham cut the hours in the budget by a significant percentage before having Michael Lindley input the budget into S2000. Examples of these reduced hours are attached as Exhibit 1. For each task order, therefore, Gallup created two separate accountings of labor

hours: one set that it provided to the United States Mint – the higher set – and a second, true estimate, containing far fewer hours, which Gallup used for internal purposes.

62. In fact, for all but three task orders, Gallup's lower, true estimates proved much more accurate than the inflated labor hour figures presented to the United States Mint, as demonstrated by the following table comparing Gallup's inflated figures to its internal estimates and actual labor hours for the fixed-price task orders that were not cancelled:

Task Order No.	**Inflated Labor Hours Presented to United States Mint**	**Gallup Internal Hours Estimate**	**Gallup Actual Hours**
2	3,703	3,648	1,334
4	887	865	506
9	4,393	2,822	2,578
11	1,179	1,029	613
12	629	260	224
13	662	250	243
14	4,393	1,967	2,965
15	1,179	532	595
16	8,550	3,890	2,623
17	3,021	1,242	807
19	591	237	187
20	6,447	2,635	3,518
23	1,676	621	709
24	2,689	1,020	676
25	8,174	2,855	2,456
26	1,676	860	737
27	1,676	776	856

63. Although the labor *rates* included in the Mint Contract were the subject of competition, Gallup's labor hour *estimates*, the subject of Gallup partner Abraham's improper inflation, were never competed because, once it obtained the IDIQ contract, Gallup was the sole-source for all 27 task orders placed with the United States Mint under that contract. This gave

Gallup both the incentive and the means to improperly inflate its labor-hour estimates to the United States Mint, and it did so.

64. Gallup knowingly engaged in these practices regarding the United States Mint contract in order to increase Gallup's profits and to increase FORMAX compensation to Abraham and others. Because Abraham and others in Gallup's government group were compensated under Gallup's FORMAX system, falsely inflating the number of hours served two purposes: (1) it increased the amount of revenue and profit that Gallup made under the contract; and (2) it increased the ratio of revenue to Gallup's internal cost of performing the contract, the basis for bonus compensation under FORMAX, which drastically increased the FORMAX bonuses to Abraham and others.

65. As a result of Gallup's false and/or fraudulent representations and conduct, and the United States Mint's reliance thereon, the United States Mint was falsely and/or fraudulently induced to enter into and accept contract and task order terms and conditions to which it would not have agreed had it known the truth. Because the United States Mint was falsely and/or fraudulently induced to enter into task orders with Gallup at inflated prices, each claim for payment under those task orders was a false and/or fraudulent claim. The claims submitted by Gallup were also false and/or fraudulent because Gallup knowingly failed to abide by its contractual obligation to submit true and accurate task order proposals and estimates to the United States Mint.

B. Gallup's False and/or Fraudulent Use of Inflated Labor Rates on Time and Materials Task Orders Issued Under the United States Mint Contract

66. There were four time and materials task orders under the United States Mint Contract. For these task orders, with respect to labor, the United States Mint paid Gallup based

on agreed-upon, fully burdened labor rates multiplied by the number of hours actually worked by Gallup personnel. For these task orders, Gallup submitted invoices to the United States Mint for actual hours worked and the United States Mint paid Gallup based on those hours worked.

67. Gallup and the United States Mint negotiated 32 different categories of hourly labor rates. The negotiated labor rates increased gradually from the base year through the four option years. The labor categories included: Senior Statistician; Statistician/Methodologist; Data Analyst/Modeler; Executive Interviewer; Transcription; and Coders, whose labor was charged at the following rates:

Category	**Base Year**	**Option Year 1**	**Option Year 2**	**Option Year 3**	**Option Year 4**
Senior Statistician	$173.28	$178.48	$183.84	$189.35	$195.03
Statistician/Methodologist	$146.65	$151.05	$155.58	$160.24	$165.05
Data Analyst/Modeler	$83.47	$85.98	$88.56	$91.21	$93.95
Coders	$83.47	$85.98	$88.56	$91.21	$93.95
Executive Interviewer	$44.12	$45.44	$46.81	$48.21	$49.66
Transcription	$83.47	$85.98	$88.56	$91.21	$93.95

68. While the labor rates in the United States Mint contract were negotiated, the contract also contained a Price Protection Clause designed to ensure that the United States Mint received labor rates as good as or better than any comparable customer. The clause read:

> Contractor warrants and guarantees that the prices contained in this contract are the lowest available prices for the specific personnel, goods and/or services specified. If, during the six-month period before or after the issuance of this contract or purchase/delivery order, the Contractor sells or offers to sell comparable quantities of goods and/or services substantially similar to those purchased under this contract at lower prices or more favorable terms than those stated in this contract, the prices and/or terms of this contract shall be automatically revised to equal the lowest prices and most favorable terms. If the United States Mint becomes entitled to lower prices for any goods and/or services under this clause, the Contractor shall promptly refund the difference. If the Contractor does not promptly refund the difference, the United States Mint shall have the right to deduct or withhold payment under this contract or any other contract with the Contractor in effect at the time for the amount of difference.

69. While Gallup was performing its contract with the United States Mint, it also had a contract with the United States Postal Service (USPS), contract number 2APSER-03-B-8769, to perform similar market research services. Several of the labor categories on the USPS contract were the same as labor categories of the United States Mint Contract, including Project Director; Senior Statistician; Statistician; Data Analyst; Exec Interviewers; and Transcription/Coders. As of September 2008, Gallup was charging USPS lower rates than it was charging the United States Mint. The USPS rates were:

Category	**Rate**
Project Director	$92.92
Senior Statistician	$120.03
Statistician	$75.10
Data Analyst	$53.96
Transcription/Coder	$35.85
Exec Interviewer	$38.40

70. In the six-month period before and after these rates were offered to USPS, Gallup knowingly submitted 73 invoices to the United States Mint using the labor rates listed in the United States Mint contract, not the lower rates offered to USPS to which the United States Mint was entitled under the Price Protection Clause of the contract. Furthermore, the estimates that Gallup submitted to the United States Mint that formed the basis for the fixed price task orders were based on these inflated hourly rates. Under the Price Protection Clause of its contract with the United States Mint, Gallup was required to provide the lower USPS rate to the United States Mint. Gallup's failure to do so was a breach of the terms of its contract with the United States Mint.

71. Gallup knowingly breached its obligation to comply with the Price Protection Clause in its contract with the United States Mint. Abraham knew about Gallup's work for the

USPS and further knew that Gallup had heavily discounted its labor rates to the USPS. However, Gallup did not provide these rates to the United States Mint.

72. At least the following firm fixed price task orders were awarded to Gallup based on inflated hourly labor rates and Gallup's knowing failure to abide by the Price Protection Clause in the United States Mint contract: 14, 15, 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, and 27.

73. Gallup also knowingly failed to pass on to the United States Mint lower labor rates granted to the USPS, and possibly other Gallup commercial or government customers, on at least the following time and material task order invoices: 190981, 191094, 192306, 194573, 196008, 196900, 198050, 198936, 200512, 91115, 192282, 193635, 194571, 196013, 197048, 196872, 198047, 198956, 200515, 201022, 202436, 202682, and 203229.

74. As a result of Gallup's false and/or fraudulent representations and conduct, and the United States Mint's reliance thereon, the United States Mint was falsely and/or fraudulently induced to enter into and accept contract and task order terms and conditions to which it would not have agreed had it known the truth. Because the United States Mint was falsely and/or fraudulently induced to enter into task orders with Gallup at inflated prices, each claim for payment under those task orders was a false and/or fraudulent claim. The claims submitted by Gallup were also false and/or fraudulent because Gallup knowingly failed to abide by its obligations to the United States Mint under the Price Protection Clause of the contract.

III. GALLUP'S FALSE AND/OR FRAUDULENT USE OF INFLATED ESTIMATES ON ITS CONTRACT WITH THE UNITED STATES DEPARTMENT OF STATE

75. Between 2007 and early 2008, pursuant to a subcontract with BearingPoint, Inc., Gallup provided services to the United States Department of State to assist in assessing potential demand for U.S. passports from U.S. citizens crossing the borders between the United States and

Canada and Mexico. Gallup's labor hour expenditures on its BearingPoint subcontract were lower than Gallup's projected expenditures and Gallup consequently enjoyed substantial profits on its 2007 and early 2008 work.

76. On April 22, 2008, as its prior State Department work with BearingPoint was winding down, Gallup submitted a proposal to the State Department for a two-year contract to develop and institute a Continuous Measurement and Forecasting System (CMFS) for the State Department's Bureau of Consular Affairs, Passport Services Office, that would allow the State Department to "monitor, track, and project passport demand on a regular basis." Gallup represented that the proposed work would build on Gallup's prior work for the State Department.

77. On April 30, 2008, Gallup presented the Department of State with a proposal including the "research estimate and revised cost estimates" for the CMFS project. Gallup proposed that a firm fixed price contract be awarded by the State Department directly to Gallup, and that the price be based on Gallup's "estimated costs by year . . . based on Gallup's recent cost experience . . . adjusted to take into account both actual and projected expenditures of staff time and resources."

78. On April 30, 2008, Gallup also provided the State Department with a draft sole source justification to justify that the State Department award the contract to Gallup without competition.

79. Following continued discussions between Gallup and the State Department, Gallup slightly revised its April 30, 2008 cost estimate to $2,573,181 for 2008-2009 in a proposal dated August 12, 2008. On August 28, 2008, Gallup reiterated the cost estimate of $2,573,181 for 2008-2009 and referenced the April 30, 2008 proposal in which Gallup had represented to the State Department that Gallup's "estimated costs by year are based on Gallup's

recent cost experience . . . adjusted to take into account both actual and projected expenditures of staff time and resources."

80. Both Gallup and the State Department understood that Gallup's cost estimates and the ultimate award to Gallup would be based on labor rates found in Gallup's General Services Administration (GSA) Multiple Award Schedule contract, multiplied by Gallup's estimates of labor hours for the various labor categories, plus other direct costs such as the cost of materials, equipment, and travel. Gallup's GSA contract labor rates already included both overhead costs as well as Gallup's fee/profit, so no further adjustments were needed to calculate the labor portion of the contract price other than multiplying Gallup's labor rates by the anticipated hours for each labor category.

81. On September 11, 2008, the U.S. Department of State awarded Gallup a sole-source firm fixed-price contract, SAQMMA-08-F6236, in the amount of $2,573,181, the exact amount proposed by Gallup based on its purported cost estimates. The award was made using, and specifically referenced, Gallup's GSA contract, GS00F0078M.

82. Although the labor rates in Gallup's GSA schedule contract had previously been determined to be fair and reasonable by the GSA, Gallup's overall cost proposal to the State Department was never subjected to competition. Therefore, because Gallup's 2008 State Department contract was sole-sourced, and because Gallup did not provide any detailed cost breakdown to the State Department, the State Department's only basis for concluding that Gallup's proposed pricing was fair and reasonable was Gallup's statement that its estimated costs were "based on Gallup's recent cost experience" and that the proposed price was based on Gallup's "actual and projected expenditures of staff time and resources."

83. Gallup's numerous statements that its cost proposal was based on Gallup's "actual

and projected expenditures of staff time and resources" were knowingly false. As with the United States Mint task orders, Gallup had simultaneously devised two sets of labor hour figures: an inflated number of labor hours that Gallup used as basis for the proposed price to the State Department, and a true, lower estimate that Gallup entered internally into its project management and accounting systems.

84. Gallup created the two labor hour figures in the same manner as the firm fixed-price task orders awarded on the Mint Contract. Sameer Abraham created and used an inflated set of labor hour figures to derive the "cost estimate" that he provided the State Department, and falsely represented to the State Department that the "cost estimate" was based on Gallup's true projected estimates of labor hours. Abraham then had Lindley input a much lower set of figures into S2000, representing Gallup's true estimates. Gallup's accounting database, Oracle, was then populated based on the labor hour estimates in S2000 rather than the inflated figures provided to the State Department. As with the Mint Contract, Gallup's true estimates provided for substantially fewer labor hours than the inflated figures that Gallup used to justify its proposed price to the State Department. Abraham's reduction of these hours to form Gallup's true estimates for its State Department work is attached as Exhibit 2.

85. Gallup's internal and actual estimate of the labor hours it would need to complete the State Department contract at the time of award of the contract was 5,919 hours. Gallup did not disclose this estimate to the State Department. Gallup's cost estimate to the State Department, which Gallup falsely represented was based on "projected expenditures of staff time," was based on an inflated labor figure of 17,832 hours.

86. Gallup knew that its representations to the State Department were false. Gallup Partner Sameer Abraham was responsible for the creation of Gallup's true internal estimate and

was also responsible for creating the inflated labor hour figure that served as the basis for the proposals submitted to the State Department. Abraham also signed the cost proposals to the State Department containing the false statements that Gallup's cost proposals were based on "projected expenditures of staff time" and "Gallup's recent cost experience." However, not just Abraham, but other Gallup employees, knew that Gallup was creating two sets of labor hour figures and not disclosing its true labor estimates to the State Department.

87. The labor portion alone of Gallup's cost proposal to the State Department, based on the inflated labor hours figure, was $2.29 million; Gallup's true internal estimate based on its actual estimates entered into Gallup's internal project management and accounting systems, reflecting all direct and indirect costs as well as the fee and profit built into Gallup's GSA labor rates, was only $777,679. Gallup's knowingly inflated figures therefore resulted in the State Department paying over $1.5 million more than it would have paid if Gallup had used its true estimates, as it represented to the State Department it had done.

88. Similar to the United States Mint contract, Gallup's true internal estimates proved far more accurate than the inflated figures used to obtain an inflated price from the State Department. Upon information and belief, Gallup's total true internal costs of performing the State Department contract, including all direct and indirect costs, were less than $800,000.

89. Gallup and its employees, including Abraham, knowingly inflated Gallup's labor hour estimates for the 2008 State Department contract in order to increase Gallup's profits and to increase FORMAX compensation to Abraham and others.

90. Because the 2008 State Department contract was based on Gallup's GSA schedule contract, Gallup was required to use labor rates in its cost estimate that were the same as or lower than those found in Gallup's GSA schedule. In addition to Gallup's false and/or

fraudulent inflation of labor hours in developing the cost estimate that Gallup used to obtain its sole-source, fixed-price contract with the State Department, Gallup knowingly and improperly used false and inflated labor rates in excess of those found in Gallup's GSA schedule contract for at least the following labor categories: corporate officer, project director, research director, senior statistician, statistical analyst, and database administrator.

91. As a result of Gallup's false and/or fraudulent representations and conduct, and the State Department's reliance thereon, the State Department was falsely and/or fraudulently induced to enter into and accept contract terms and conditions to which it would not have agreed had it known the truth. Because the State Department was falsely and/or fraudulently induced to enter into a contract with Gallup at inflated prices, each claim for payment under those contracts was a false claim.

IV. GALLUP'S SUBCONTRACT WITH THE FEDERAL EMERGENCY MANAGEMENT AGENCY

92. Between July 2007 and February 2009, Timothy Cannon was the Director of Human Capital for FEMA. Cannon was tasked with overseeing issues related to FEMA's workforce and personnel. In 2006, Cannon had unsuccessfully applied for employment at Gallup; however, he continued to express an interest in employment with Gallup to Gallup officials in the government division.

93. Beginning in 2007, Gallup identified FEMA as a lucrative potential customer for products and services designed to assist organizations in evaluating the strengths and satisfaction of their workforce, and internally noted that Cannon's position as Director of Human Capital made FEMA fertile ground for a potential Gallup contract.

94. In July and August 2007, Gallup partner Tim Blass met with Cannon on multiple

occasions to discuss a potential contract for Gallup with FEMA. During the course of those discussions, Gallup proposed that FEMA provide a contract to Gallup using an existing Office of Personnel Management (OPM) contracting vehicle. In July 2007, Cannon sent a Department of Homeland Security (DHS) employee an e-mail recommending that DHS, FEMA's parent agency, utilize Gallup products and services for federal workforce surveys.

95. On December 20, 2007, Cannon e-mailed Blass: "now that I have some air under my wings and a little head wind I want to discuss how Gallup can help me develop the best managers in DHS….lets [sic] talk."

96. On January 3, 2008, Blass sent Cannon pricing for a proposed Gallup contract with FEMA for consulting services to assist FEMA in assessing, analyzing, and improving workforce engagement at FEMA. Blass also sent Cannon a proposed statement of work that FEMA "could consider using." FEMA ultimately used the Gallup-created statement of work almost verbatim.

97. On January 24, 2008, Cannon directed one of his subordinates in the Human Capital Division to send Blass an e-mail stating that FEMA intended to internally propose that FEMA enter into a five-year contract with Gallup to provide consulting services. At Cannon's request, the FEMA employee also provided FEMA's internal cost estimate for the project.

98. On February 22, 2008, Blass sent Cannon a revised proposed statement of work as well as a white paper and impact analysis.

99. Blass discussed the statement of work, the impact analysis, the pricing proposal, other documents, and the proposed FEMA work extensively with Warren Wright, the then-managing partner of Gallup's government division.

100. The Statement of Work that Gallup prepared for FEMA stated "FEMA needs a

metric to measure the engagement of its workforce at the local level." Gallup already had such a product called "Q12."

101. On March 3, 2008, referring to the proposed Gallup work for FEMA, Wright e-mailed Blass saying "we really need this one."

102. On March 9, 2008, Gallup sent Cannon revised pricing for its proposed work. Cannon continued to advocate for Gallup within FEMA and attempted to arrange a meeting between Gallup's CEO, James Clifton, and the top official at FEMA. In March 2008, Gallup also provided Cannon with additional documents to assist Cannon in convincing FEMA officials that they should enter into a contract with Gallup.

103. Also in March 2008, Cannon and Clifton met in person. After this meeting, Clifton e-mailed Wright stating that Cannon was "a huge advocate of Gallup's" at FEMA, that Cannon "has done everything to get a job at Gallup," and that Cannon "said he wants to do a real good job at FEMA and that maybe he would try again." Additionally, during the March 2008 meeting with Clifton, Cannon told Clifton that in hiring Tim Blass rather than Tim Cannon, Gallup "had hired the wrong Tim."

104. On April 3, 2008, Blass e-mailed two documents to a fellow Gallup employee. One of these was FEMA's acquisition plan for the proposed BEST Workforce Project. The acquisition plan stated that FEMA would indeed use the existing OPM contracting vehicle initially proposed by Gallup, and that FEMA would express a "vendor preference" for Gallup to OPM. The acquisition plan also made clear that the award would be competitively bid and that other vendors would have the opportunity to bid. Nonetheless, Blass also stated that Cannon, on behalf of FEMA, had already chosen one of Gallup's pricing scenarios for the BEST Workforce Project for $900,000 over five months, notwithstanding that the competition had not yet even

begun and no proposals had been submitted. Moreover, the document also contained an "assumption" that Gallup and FEMA would have a "fully executed" contract in place by April 25, 2008, even though the competition for the work had not yet even begun. Four days later, with the competition still not having begun, Blass reiterated that he expected to have a Gallup contract in place in approximately two weeks. These documents were also provided to Cannon and to other FEMA employees in April 2008.

105. In early April 2008, Gallup and Cannon discussed having Gallup's CEO, Jim Clifton, address FEMA and announce the Gallup work. On April 10, 2008, Blass e-mailed Clifton to inform him that FEMA's "Legal Department put the kibosh" on the proposed address because Gallup had "not 'officially' been awarded the contract yet."

106. On April 11, 2008, Clifton responded to Blass by e-mail asking how much revenue Gallup would be realizing from FEMA. Blass responded "The FEMA deal is $6M over 5 years. The first installment will be for $900K to be realized between May and September of this year." This amount exactly mirrored the pricing scenario chosen by Cannon earlier that month. Clifton responded to Blass that "this is a very good fish," meaning a large and profitable deal for Gallup, and inquired when the contract would be in place. Blass responded to Clifton and reiterated that he expected the deal to be in place in two to three weeks.

107. In April 2008, Clifton and Wright discussed hiring Cannon by e-mail. On April 25, 2008, Clifton told Wright, regarding Cannon, that "if he gets us a big deal at FEMA . . . i [sic] think we should hire him."

108. Later that same day, Clifton asked Wright by e-mail "is the ink dry yet on our deal with FEMA[?]" to which Wright responded "no[,] might be by mid-May." The following day, Clifton re-iterated to Wright that "we should wait of course to see if we win a big quality

deal here" before deciding whether to hire Cannon.

109. On April 18, 2008, although no work had been formally awarded to Gallup for the FEMA work, Blass sent Cannon and another FEMA official, Roger Panetta, "two deliverables [Gallup] promised [FEMA]," a five-year plan for Gallup's work for FEMA, which had been named the "BEST Workforce Initiative," and an action plan for an employee survey.

110. In May 2008, in an e-mail to Blass, Wright, and other Gallup government division personnel, Cannon and FEMA were identified as prospective Gallup clients. That same month, Gallup sent Cannon revised pricing for the proposed work, which increased both the scope of the work and the price to FEMA.

111. On or around August 19, 2008, Gallup and SRA received a $1.096 million award to perform the BEST Workforce project for FEMA. Just as had originally been proposed by Gallup, the prime contracting vehicle for the project was SRA's prime contract with OPM, OPM020700031. Cannon was identified as the "primary point-of-contact" for the BEST Workforce project in the FEMA-OPM interagency agreement awarding the work. One of Cannon's subordinates was designated as the Contracting Officer's Technical Representative for the effort, while Roger Panetta, another Cannon subordinate, was designated as Project Manager. Gallup's subcontract with SRA was signed on August 20, 2008, and referred to Gallup as "a significant partner of the SRA team" for the FEMA BEST Workforce project.

112. Cannon substantially and personally participated in the award and administration of the Gallup/SRA contract. As the director of FEMA's Human Capital Division, Cannon was the head of the office that was responsible, from a programmatic standpoint, for the BEST Workforce project and the Gallup/SRA contract. Cannon not only was Gallup's primary point of contact at FEMA for submitting information but also advocated on Gallup's behalf to numerous

FEMA officials involved in the project.

113. Because SRA had the existing contractual vehicle with OPM, it was the prime contractor on the FEMA project. However, Gallup provided the vast majority of the effort involved in obtaining and performing the contract and SRA was largely a conduit through which Gallup performed work for, and was paid by, FEMA. Ten of the eleven key personnel for the effort proposed to FEMA were Gallup employees. The only key personnel employed by SRA was the overall project manager, because SRA was the prime contractor. Additionally, all of the products and services provided under the BEST Workforce effort were Gallup's products and services adapted for FEMA's use.

114. Pursuant to the Interagency Agreement between FEMA and OPM, although OPM administered and serviced the Gallup/SRA effort on FEMA's behalf, FEMA, rather than OPM, was responsible for making technical and project decisions regarding the work performed. Under the OPM Contract, FEMA representatives, along with an OPM project manager, were responsible for recommendation of offerors for awards.

115. SRA's contract with OPM required SRA to represent to OPM that it had no conflict of interest as defined by Federal Acquisition Regulation Part 9.5. SRA was further required to represent to OPM that if, after award, a potential conflict of interest arose, SRA was required to immediately notify the OPM contracting officer. The contract further explicitly gave OPM the option to terminate the contract if a conflict of interest was discovered or arose. Moreover, SRA was required to include each of these conflict of interest provisions in all subcontracts.

116. As required, SRA included the conflict of interest provisions in its Gallup subcontract. In executing the subcontract, therefore, Gallup was required to represent, and did

represent, to SRA, OPM, and FEMA that Gallup had no conflicts of interest, that it would disclose to the contracting officer any conflict of interest that arose or was discovered after award of the contract, and that it understood that SRA, OPM, and FEMA unilaterally retained the discretion to terminate the contract if a conflict arose.

117. SRA and Gallup's organizational conflict of interest representations were material to FEMA and OPM in their decisions to award the contracts and subcontracts, to allow Gallup to continue performing under its subcontract, and to approve payment for Gallup's work under its subcontract.

118. Cannon not only participated substantially and personally in FEMA's award to Gallup, but in fact was integral to Gallup receiving the subcontract. FEMA's career program officials in the Human Capital Division responsible for evaluating and making recommendations on proposals from prospective contractors initially rejected Gallup's proposal as too expensive and unnecessary, but later learned that Cannon had disregarded their recommendation and proceeded with recommending award to Gallup. Nonetheless, even though Cannon had informed Clifton that Gallup "had hired the wrong Tim," had stated that he had "done everything to get a job at Gallup" and had stated that Cannon would "maybe . . . try again" to get a job at Gallup after doing "a real [sic] good job at FEMA" during the course of discussions about Gallup's proposed work for FEMA; and even though Wright and Clifton had internally discussed that Gallup should hire Cannon, but only if "he gets us a big deal at FEMA"; and even though Gallup had represented that it had no conflicts of interest and would promptly disclose any conflicts that arose; at no time did either Cannon or Gallup disclose an actual or potential conflict of interest to SRA, to OPM, or to FEMA.

119. In September 2008, Wright e-mailed Blass and others in Gallup's government

division about Cannon: "We've got to give him an award or something. He is Gallup's MVP outside of Gallup." On September 28, 2008, Gallup partner Bernadine Karunaratne responded to Blass and Wright: "I agree. He should be recognised [sic] the same way we recognise [sic] our partners since he has sold us to FEMA and will sell us to DHS in the future. No doubt that we would not be at FEMA if not for this guy."

120. On November 17, 2008, the Gallup/SRA contract received additional orders from FEMA and OPM, increasing the total contract value to $1.5 million. Cannon participated substantially in FEMA's decision to increase the Gallup/SRA contract. The very same day, Cannon attempted to set up a lunch meeting with Clifton and ultimately contacted Clifton directly. Clifton in turn contacted Wright, who confirmed to Clifton that Cannon had again asked for a job at Gallup. Clifton's response made clear that he understood that Cannon was "a significant client" and further asked "what about ethics[?] Are we okay with all of that[?]" Even though Wright and Clifton both decided to continue to pursue employment discussions with Cannon, and even though Cannon continued to have a significant role personally and substantially participating in the Gallup's FEMA contract, neither Gallup nor Cannon disclosed these facts or any actual or potential conflict of interest to SRA, to OPM, or to FEMA.

121. On December 11, 2008, Blass e-mailed Cannon to state that "there are some serious funding issues" regarding the "Great Manager" classes that Gallup was conducting for FEMA managers.

122. On December 16, 2008, Cannon requested that FEMA provide an additional $500,000 in funding for the Gallup/SRA contract, based on a proposal from Gallup for 10 additional "Great Manager" program classes at a total cost of $500,000.

123. On December 19, 2008, Clifton and Cannon had lunch together. Neither Cannon

nor Gallup disclosed to FEMA or OPM the ongoing employment discussions between Gallup and Cannon, even as Cannon continued to push for the additional funding for Gallup within FEMA, which he ultimately secured in early January 2009.

124. In January 2009, Cannon "officially" interviewed at Gallup. That same month, FEMA awarded the requested $500,000 in additional funding for Gallup. On January 6, 2009, Cannon told a Gallup employee "I got another 500k put on the contract. Cool huh?" Cannon was not only responsible for requesting the additional funding, but also approved that same request in a "Requisition and Commitment for Services and Supplies" that he signed on January 21, 2009.

125. On February 5, 2009, Gallup formally extended an offer of employment to Cannon to work in the government division. The offer letter was signed by Wright. Gallup offered Cannon $175,000 annually plus additional incentive compensation through Gallup's FORMAX system. The letter advised Cannon that his start date would be April 6, 2009 pending a successful background check. Even at this time, neither Gallup nor Cannon disclosed to SRA, to FEMA, or to OPM the employment discussions or the offer of employment.

126. On February 5, 2009, the same day that Gallup extended the offer to Cannon, Wright e-mailed three Gallup employees regarding Cannon: "He has been at FEMA and has been our main advocate/salesperson in selling Q12."

127. On February 10, 2009, Cannon announced his retirement from FEMA. Cannon later stated that it was Gallup's offer of employment that served as the reason and basis for his retirement from FEMA and that, at the time that he retired, he "had full expectation of beginning work April 6, 2009 as Gallup offered."

128. A day later, Blass e-mailed Roger Panetta, a FEMA official, that his "heart was

heavy" to hear the news that Cannon was retiring from FEMA.

129. On February 28, 2009, Cannon filed required federal forms falsely certifying that he had no agreement for employment outside the federal government.

130. Only two days after Cannon's false certification that he had no post-employment agreement, pursuant to a request from Wright, a Gallup employee re-issued the offer letter to Cannon, but with a March 2, 2009 date rather than a February 5, 2009 date. Per Wright's specific instructions, the new offer letter was identical to the prior letter but now had a date that made it appear as if Gallup had not offered Cannon the position until after Cannon's false certification.

131. Cannon signed and returned the newly dated offer letter the following day.

132. When certain Gallup employees, including Julie Curd, the executive director of the government division, learned that Gallup was hiring Cannon, they raised concerns that Gallup had violated applicable ethics rules. On March 10, 2009, Curd advised Wright and others that, at a minimum, it was necessary to have Cannon provide an Ethics Advisory Opinion letter from FEMA as soon as possible. Curd further made clear that, pursuant to federal regulation, Cannon "should have contacted the [FEMA] ethics official when first applying/pursuing a job at Gallup." Curd also attached an excerpt from the same subpart of the FAR implementing the Procurement Integrity Act requirement that a federal official who engages in discussions with an offeror for a federal contract as to possible employment with that offeror must immediately advise the agency and must also disqualify himself from further participation in the procurement. Still, Gallup never disclosed to FEMA, OPM, or SRA its employment discussions with or offer letter to Cannon.

133. Notwithstanding the serious concerns and misgivings of Curd and others, Gallup

proceeded with the steps necessary to complete Cannon's hiring. On March 19, 2009, a Gallup employee, Gloria Rieckman, e-mailed a number of Gallup employees, including Wright, notifying them that Cannon had "completed his background check and he meets company standards. Tim is cleared for hiring!" Slightly more than an hour later, Amy Sturgis, a Gallup employee, e-mailed Cannon that "[w]e're busy getting ready for you to start work at Gallup" and further discussed logistical issues such as the type of laptop Cannon would prefer.

134. The "Verification Results" for Cannon's background check state that, consistent with Rieckman's March 19, 2009 e-mail, Cannon's background check was adjudicated on March 19, 2009, and the result of the adjudication was that Cannon "meets company standards." This background check included a credit report for Cannon indicated that he had a Chapter 7 bankruptcy discharged on January 1, 2003.

135. On March 20, 2009, Wright e-mailed Gallup's entire government division to announce that Cannon had been hired by Gallup, noted that Cannon had "played a key role in leadership development over at FEMA," was "very well connected within the federal government" and would start working at Gallup on April 6, 2009.

136. On March 20, 2009, Cannon sent Wright the ethics memoranda that Cannon had received from FEMA upon retirement. Because neither Cannon nor Gallup had disclosed to FEMA that Cannon was not only retiring but was joining Gallup, a firm whose contract he had not only substantially participated in but which only months ago Cannon had bragged about increasing the value of, the ethics memoranda provided by FEMA were general and made no mention of Gallup. In fact, the memoranda provided by FEMA to Cannon indicates that Cannon falsely suggested to FEMA's ethics office that Cannon was not seeking or negotiating for any post-FEMA employment.

137. One of the ethics memoranda provided by FEMA, dated February 10, 2009—only days after Cannon received the offer letter from Gallup and long after he had first asked Gallup for a job—did, however, state that:

> As you are still a government employee negotiating for and seeking employment MAY constitute a conflict of interest IF you are involved in your federal capacity with the entity with whom you are negotiating or seeking employment. (It is criminal under 18 U.S.C. 208 to negotiate for employment and a regulatory violation under 5 C.F.R. § 2635 Subpart D to 'seek employment' which is the preliminary stages before negotiating.) If you decide to seek employment while still a federal employee, it would be wise to fill out and give your FEMA supervisor (copy to me) the attached disqualification/recusal memo with the name(s) of the nonfederal entities with whom you are seeking employment if there is any possibility whatsoever that you could be involved in a matter as a FEMA employee with that entity . . . Then, you must stay uninvolved in any FEMA matters with that entity during the time of seeking and/or negotiating and accepting a position through your last day of FEMA employment to avoid the conflict prohibitions noted above.

138. Notwithstanding these admonitions, Cannon did not disclose his offer from Gallup to FEMA, nor did Gallup disclose its relationship with Cannon when Gallup received a copy of this memorandum on March 20, 2009.

139. Gallup did, however, continue to internally discuss whether they had violated ethics rules and whether they should continue with Cannon's hiring. On March 24, 2009, Curd e-mailed Wright and others that, notwithstanding the information provided by Cannon on March 20, "[w]e have not secured the actual ethics letter we need. Warren [Wright] is in daily contact with Tim Cannon on this. We should not proceed with any further on boarding steps until we have confirmation regarding the guidelines of this letter. I will let you know as soon as we can proceed." Nonetheless, Gallup did not disclose any of these discussions or issues to FEMA, OPM, or SRA.

140. The following day, Wright e-mailed Curd stating:

> I just got a call and am getting more red flags about Tim Cannon. Apparently, word is getting around about his departure and joining Gallup. There is speculation among [h]is co-workers that this is improper. They are pretty mad. This may get in the way of future business with FEMA . . . Someone in the session asked in front of the whole group if FEMA was really going to stick with this program, cause Tim Cannon doesn't stick with anything. . . This, plus the bankruptcy, plus appearance of ethics violations, both on Gallup and FEMA side. This is not good . . . I think we are getting to [sic] many sign [sic], and I do not think this will work.

Gallup did not, however, disclose to FEMA that its employment discussions with Cannon had long predated Cannon's retirement, even as it acknowledged internally the "appearance of ethics violations, both on Gallup and FEMA side."

141. The following day, March 26, 2009, Gallup withdrew Cannon's offer of employment. Gallup did not, however, inform SRA, OPM, or FEMA. Subsequently, Gallup informed Cannon that it was due to his background check, even though Gallup had internally acknowledged a week before the offer was rescinded that Cannon had completed his background check, that Cannon met company standards, and that Cannon was "cleared for hiring." Moreover, on March 10, 2009, the Gallup official responsible for the background check had sent an e-mail stating, regarding Cannon's background check: "He has high level government security clearance, so I'm not too worried about the background check." This was an accurate statement as Cannon held a Top Secret security clearance during and subsequent to his tenure at FEMA.

142. On July 3, 2009, in an e-mail to Jane Miller, the then-head of Gallup's government division, Julie Curd stated that, in relation to a Department of Defense specialist in the government division, "it was what Tim Cannon was going to be hired for, before the ethics issues came up."

143. On September 16, 2009, Gallup CEO Jim Clifton advised Wright and others,

regarding Cannon, that “[t]his is a guy that was our sponsor at FEMA . . . when he was applying we broke some of the rules of the US Gov on the ‘how’ we do it . . . so we had to let him go[.]”

144. Notwithstanding Gallup’s promise that it had no conflicts of interest and that it would disclose any such conflicts that arose, Gallup knowingly failed to disclose to SRA, to FEMA, and to OPM the conflict of interest arising from its employment negotiations with Cannon. Nor did Cannon ever disclose to FEMA his employment discussions with Gallup, even as he participated substantially in recommending Gallup for the initial award and for increases to the value of the Gallup/SRA contract. At all times between March 2008 and March 2009, Gallup’s undisclosed discussions and relationship with Cannon constituted a conflict of interest under FAR 9.5 that was required under Gallup’s SRA subcontract to be disclosed to the United States.

145. Moreover, Cannon did not recuse himself from participating in Gallup’s proposed contract and work for FEMA. In fact, Cannon continued to actively pursue additional funding and task orders for Gallup within FEMA. Nor did Cannon ever reject the possibility of employment with Gallup. Rather, Cannon continued to enthusiastically pursue employment with Gallup from 2006 up to and even after Gallup had rescinded his employment offer. Gallup knew that Cannon had neither recused himself from participation in Gallup’s FEMA project nor rejected the possibility of employment with Gallup, as Cannon was, at a minimum, required to do under the FAR, 18 U.S.C. § 208, and the Procurement Integrity Act. In part because of this knowledge, Gallup also knew that Cannon had not informed FEMA of his employment discussions with Gallup.

146. Gallup billed SRA for its work under the FEMA BEST Workforce project. SRA, in turn, submitted invoices to OPM reflecting Gallup’s work for FEMA. The invoices were

approved by FEMA and then paid by OPM, using funds either that FEMA advanced to OPM or for which FEMA reimbursed OPM. Gallup's conflict of interest caused by its undisclosed relationship with Cannon, as well as Gallup's role in preparing the statement of work, was material to the payment decisions of OPM and FEMA in paying Gallup's and SRA's claims. Furthermore, Gallup's undisclosed conflicts of interest rendered both Gallup's and SRA's claims false.

147. Gallup's pricing for FEMA, both on the initial award and on subsequent increases to the subcontract, was inflated due to the unfair competitive advantage that Gallup enjoyed by way of its improper relationship with Cannon. According to Gallup's own accounting, it received over 24 percent profit on its FEMA work, a margin far in excess of what Gallup should have expected to enjoy in fairly competed government work and far in excess of what a contractor who did not have conflicts of interest would have received.

148. As a result of Gallup's false and/or fraudulent representations and conduct, and OPM and FEMA's reliance thereon, OPM and FEMA were falsely and/or fraudulently induced to enter into and accept contract and task order terms and conditions to which they would not have agreed had it known the truth. Because OPM and FEMA were falsely and/or fraudulently induced to approve an SRA subcontract to Gallup, each claim for payment under Gallup subcontract was a false and/or fraudulent claim. The claims submitted and caused to be submitted by Gallup were also false and/or fraudulent because Gallup knowingly failed to abide by its conflict of interest obligations and knowingly failed to disclose its conflicts of interest arising out of its relationship with Cannon.

V. FALSE CLAIMS SUBMITTED AND CAUSED TO BE SUBMITTED BY GALLUP

149. Gallup's false and/or fraudulent statements and conduct as described in paragraphs 47 through 65 resulted in at least the following false and/or fraudulent claims submitted by Gallup to the United States Mint:

Invoice No.	**Amount**
179978	$20,047.00
180874	$74,506.00
182231	$13,319.00
183681	$20,047.00
184983	$87,824.00
187301	$20,047.00
188370	$82,006.00
189904	$5,818.00
183683	$12,908.00
182230	$53,654.00
187306	$61,057.00
188369	$13,000.00
184102	$22,808.00
184891	$178,398.00
185920	$45,000.00
190062	$5,500.00
190063	$4,344.00
184103	$6,800.00
184890	$67,937.00
185921	$400,100.00
187308	$124,309.00
188374	$20,000.00
187588	$46,266.00
187884	$22,822.00
189884	$257,575.00
190983	$50,735.00
191043	$34,541.00
192254	$57,043.00
193655	$7,383.00
190984	$37,560.00
192250	$42,834.00
193674	$29,003.00
195466	$9,907.00
192249	$126,807.00
194576	$15,000.00
193673	$35,065.00
195975	$6,093.00

194574	$109,004.00
193627	$163,944.00
195692	$32,362.00
194572	$27,242.00
195693	$81,725.00
196014	$124,578.00
196836	$410,937.00
197983	$78,575.00
198934	$35,614.00
195694	$45,300.00
196837	$57,751.00
197982	$163,329.00
198935	$51,020.00
201018	$30,323.00
196835	$23,954.00
198048	$127,285.00
198955	$30,000.00
201223	$5,451.00
198552	$335,296.00
200069	$59,772.00
201017	$36,790.00
199229	$22,250.79
197986	$26,000.00
199228	$38,207.95
199697	$35,331.00
197984	$19,542.00
198933	$89,771.00
200070	$34,541.00
201020	$74,880.00
202067	$160,188.00
202649	$7,000.00
203230	$8,569.00
201021	$218,020.00
202067	$357,479.00
202650	$7,000.00
203231	$7,308.00
201019	$19,542.00
202067	$113,930.00
202651	$10,382.00
203554	$11,696.00
203968	$115,191.00
205186	$20,994.00

150. Gallup's false and/or fraudulent statements and conduct as described in

paragraphs 66 through 74 resulted in at least the following false and/or fraudulent claims submitted by Gallup to the United States Mint:

Invoice No.	**Amount**
190981	$1,540.014
191094	$4,840.44
192306	$1,320.12
194573	$3,556.98
196008	$15,259.27
196900	$10,399.14
196900	$17,330.70
198050	$15,557.53
198936	$2,396.54
200512	$2,266.20
200512	$2,598.88
191115	$16,622.55
192282	$16,210.50
193635	$30,546.26
194571	$19,753.44
196013	$18,553.45
197048	$1,256.21
194574	$109,004.00
193627	$163,944.00
195692	$35,362.00
194572	$27,242.00
195693	$81,725.00
196014	$124,578.00
196836	$410,937.00
197983	$78.575.00
198934	$35,614.00
195694	$45.300.00
196837	$57,751.00
197982	$163,329.00
198935	$51,020.00
201018	$30,323.00
196872	$25,268.13
198047	$16,101.01
198956	$14,783.90
200515	$18,130.33
201022	$13,522.84
202436	$14,784.52
202682	$13,597.20
203229	$10,651.14

196835	$23,954.00
198048	$127,285.00
198955	$30,000.00
201223	$5,451.00
198552	$335,296.00
200069	$59,772.00
201017	$36,790.00
199229	$22,250.00
197986	$26,000.00
199228	$38,207.95
199697	$35,331.00
197984	$19,542.00
198933	$89,771.00
200070	$34,541.00
201020	$74,880.00
202067	$160,188.00
202649	$7,000.00
203230	$8,589.00
201021	$218,020.00
202067	$357,479.00
202650	$7,000.00
203231	$7,308.00
201019	$19,542.00
202067	$113,930.00
202651	$10,382.00
203554	$11,696.00
203968	$115,191.00
205186	$20,994.00

151. Gallup's false and/or fraudulent statements and conduct as described in paragraphs 75 through 90 resulted in at least the following false and/or fraudulent claims submitted by Gallup to the State Department:

Invoice Number	**Invoice Date**	**Amount**
200234	11/28/2008	$2,000.00
202447	1/30/2009	$29,653.14
202446	1/30/2009	$87,267.00
202445	1/30/2009	$372,471.00
202444	1/30/2009	$438,048.00
202443	1/30/2009	$161,767.54
203449R	3/25/2009	$80,388.43
203450R	3/25/2009	$146,559.00

203451R	3/25/2009	$38,476.02
204071R	4/20/2009	$27,591.19
204073R	4/20/2009	$6,290.06
204072-2	4/20/2009	$167,826.00
204072-1	4/20/2009	$193,464.08
204750	5/21/2009	$52,565.76
204751	5/21/2009	$38,024.74
204752	5/21/2009	$124,181.44
205490	6/29/2009	$203,367.16
205491	6/29/2009	$113,892.48
205492	6/29/2009	$51,335.83
205493	6/29/2009	$12,142.75
206118	7/28/2009	$96,370.56
206120R	7/28/2009	$8,496.15
206119R	7/28/2009	$49,110.03
206745	8/26/2009	$70,087.68
206750	8/26/2009	$3,914.80
207131	9/14/2009	$61,326.72
207754	10/8/2009	$32,994.05
207810	10/14/2009	$43,804.80

152. For each claim submitted to OPM and FEMA by SRA, Gallup submitted a corresponding invoice to SRA for its work on the FEMA Best Workforce project, pursuant to a Task Order between Gallup and SRA. Gallup's false and/or fraudulent statements and conduct as described in paragraphs 91 through 148 caused SRA to submit to FEMA and OPM at least the following false and/or fraudulent claims:

Invoice Number	**Invoice Date**	**Amount**
INV-0600467561	10/28/2008	$4,563.00
INV-0600489831	12/05/2008	$46,318.00
INV-0600489508	12/05/2008	$58,130.00
INV-0600503950	1/23/2009	$100,223.00
INV-0600503951	1/23/2009	$117,221.00
INV-0600503963	1/23/2009	$107,489.00
INV-0600503953	1/23/2009	$1,273.00
INV-0600503954	1/23/2009	$92.00
INV-0600503955	1/23/2009	$69,895.00
INV-0600503956	1/23/2009	$8,450.00
INV-0600503957	1/23/2009	$13,123.00
INV-0600503958	1/23/2009	$69,370.00

INV-0600503959	1/23/2009	$69,370.00
INV-0600503960	1/23/2009	$69,370.00
INV-0600503961	1/23/2009	$25,948.00
INV-0600503962	1/23/2009	$16,280.00
INV-0600514303	2/19/2009	$93,469.00
INV-0600514304	2/19/2009	$92,106.00
INV-0600534403	3/26/2009	$38,902.00
INV-0600534404	3/26/2009	$39,208.00
INV-0600534413	3/26/2009	$38,902.00
INV-0600544157	4/14/2009	$58,471.00
INV-0600544158	4/14/2009	$52,448.00
INV-0600544159	4/14/2009	$58,208.00
INV-0600544160	4/14/2009	$16,280.00
INV-0600544161	4/14/2009	$4,224.00
INV-0600544162	4/14/2009	$4,226.00
INV-0600544163	4/14/2009	$67,503.00
INV-0600544425	4/15/2009	$67,503.00
INV-0600544426	4/15/2009	$67,504.00
INV-0600545710	4/29/2009	$13,955.00
INV-0600545711	4/30/2009	$86,800.00
INV-0600545712	4/30/2009	$86,799.00
INV-0600545713	4/30/2009	$86,800.00
INV-0600558235	5/20/2009	$1,434.00
INV-0600558237	5/20/2009	$2,253.00
INV-0600558238	5/20/2009	$2,476.00
INV-0600561473	5/20/2009	$38,902.00
INV-0600561474	5/20/2009	$13,123.00
INV-0600561475	5/20/2009	$25,949.00
INV-0600561476	5/20/2009	$38,902.00
INV-0600561477	5/20/2009	$39,209.00
INV-0600561478	5/20/2009	$86,799.00
INV-0600561479	5/20/2009	$86,800.00
INV-0600561480	5/20/2009	$30,465.00
INV-0600561485	5/20/2009	$13,955.00
INV-0600561914	6/2/2009	$92,397.00
INV-0600561915	6/2/2009	$51,459.00
INV-0600563085	6/2/2009	$58,787.00
INV-0600572248	6/8/2009	$70,139.00
INV-0600572249	6/8/2009	$70,122.00
INV-0600572250	6/8/2009	$13,955.00
INV-0600572251	6/8/2009	$86,799.00
INV-0600572253	6/8/2009	$2,836.00
INV-0600572254	6/8/2009	$2,772.00
INV-0600572255	6/8/2009	$3,698.00

INV-0600572256	6/8/2009	$3,060.00
INV-0600573274	6/12/2009	$3,316.00
INV-0600573275	6/12/2009	$76.00
INV-0600573276	6/12/2009	$14,620.00
INV-0600573277	6/12/2009	$6,906.00
INV-0600613994	9/10/2009	$4,005.00
INV-0600627446	10/12/2009	$26,957.00
INV-0600627447	10/12/2009	$4,005.00
INV-0600627448	10/12/2009	$1,186.00
INV-0600627485	10/12/2009	$57,600.00
INV-0600627449	10/12/2009	$1,949.00
INV-0600627450	10/12/2009	$5,243.00
INV-0600655764	12/4/2009	$4,005.00
INV-0600655765	12/4/2009	$57,600.00
INV-0600655766	12/4/2009	$6,918.00
INV-0600655767	12/4/2009	$43,389.00
INV-0600655768	12/4/2009	$53,856.00
INV-0600655769	12/4/2009	$14,963.00
INV-0600655770	12/4/2009	$36,124.00
INV-0600655771	12/4/2009	$4,320.00
INV-0600655772	12/4/2009	$38,592.00
INV-0600655773	12/4/2009	$26,162.00
INV-0600724986	3/4/2010	$1,186.00
INV-0600724020	3/4/2010	$2,336.00
INV-0600723723	3/4/2010	$57,600.00
INV-06007239647	3/9/2010	$37,215.00
INV-0600729634	3/9/2010	$36,885.00
INV-0600730211	3/10/2010	$37,215.00
INV-0600730207	3/10/2010	$36,654.00
INV-0600730212	3/10/2010	$10,362.00
INV-0600730480	3/11/2010	$5,580.00
INV-0600730486	3/11/2010	$57,600.00
INV-0600730559	3/12/2010	$1,186.00
INV-0600730564	3/12/2010	$5,580.00
INV-0600730570	3/12/2010	$57,600.00
INV-0600730594	3/12/2010	$1,186.00
INV-0600730676	3/12/2010	$397.00
INV-0600730680	3/12/2010	$89,554.00
INV-0600730681	3/12/2010	$1,466.00
INV-0600732055	3/29/2010	$42,648.00
INV-0600732003	3/29/2010	$963.00
INV-0600732001	3/29/2010	$38,592.00
INV-0600731995	3/29/2010	$1,815.00
INV-0600732066	3/29/2010	$1,545.00

INV-0600732070	3/29/2010	$5,580.00
INV-0600732072	3/29/20010	$57,600.00
INV-0600731850	3/30/2010	$1,180.00
INV-0600731856	3/30/2010	$48,384.00
INV-0600731951	3/30/2010	$3,032.00
INV-0600746719	4/14/2010	$11,372.00
INV-0600753424	5/10/2010	$57,600.00
INV-0600752273	5/10/2010	$92,106.00
INV-0600753387	5/10/2010	$35,827.00
INV-0600753405	5/10/2010	$5,580.00
INV-0600752270	5/10/2010	$46,733.00
INV-0600753470	5/10/2010	$1,294.00
INV-0600767497	5/29/2010	$57,600.00
INV-0600767498	5/29/2010	$5,580.00
INV-0600782481	6/14/2010	$3,032.00
INV-0600782527	6/14/2010	$48,384.00
INV-0600782478	6/14/2010	$1,456.00
INV-0600827802	8/11/2010	$970.00
INV-0600827807	8/11/2010	$1,656.00
INV-0600827812	8/11/2010	$56,926.00
INV-0600842203	9/15/2010	$63,115.00
INV-0600842233	9/15/2010	$1,426.00
INV-0600842240	9/15/2010	$1,948.00
INV-0600842221	9/15/2010	$1,180.00
INV-0600842207	9/15/2010	$8,526.00
INV-0600842226	9/15/2010	$41,696.00
INV-0600842219	9/15/2010	$2,008.00
INV-0600842237	9/17/2010	$26,337.00
INV-0600845117	10/4/2010	$223.00
INV-0600845153	10/4/2010	$2,092.00
INV-0600845145	10/4/2010	$3,032.00
INV-0600845147	10/4/2010	$20,850.00
INV-0600874770	10/21/2010	$1,062.00
INV-0600874767	10/21/2010	$1,257.00
INV-0600874762	10/21/2010	$41,472.00
INV-0600906368	12/10/2010	$11,103.00
INV-0600937205	2/24/2011	$853.00
INV-0601093053	12/19/2011	$16,886.00
INV-0601093029	12/19/2011	$38,027.00
INV-0601107013	1/25/2012	$10,000.00

COUNT I
Violation of the False Claims Act
31 U.S.C. § 3729(a)(1) (2006) and 31 U.S.C. § 3729(a)(1)(A) (2009)
(Against Defendant Gallup)

153. The United States repeats and realleges the allegations contained in Paragraphs 1 through 152 above, as if fully set forth herein.

154. Defendant Gallup violated the False Claims Act, 31 U.S.C. § 3729(a)(1) (2006) and 31 U.S.C. § 3729(a)(1)(A) (2010), by knowingly presenting and causing to be presented to the United States Mint, the State Department, FEMA, and OPM false and/or fraudulent claims for payment on Gallup's contracts and subcontracts.

155. The United States paid the false and/or fraudulent claims because of Gallup's acts and incurred damages as a result.

156. Pursuant to 31 U.S.C. § 3729(a), Gallup is liable to the United States Government for a civil penalty of not less than $5,500 and not more than $11,000, for each violation of the False Claims Act committed by Gallup.

157. Pursuant to 31 U.S.C. § 3729(a), Gallup is liable to the United States for three times the amount of all damages sustained by the United States because of Gallup's conduct.

COUNT II
Violation of the False Claims Act
31 U.S.C. § 3729(a)(1)(B) (2009) (formerly 31 U.S.C. § 3729(a)(2))
(Against Defendant Gallup)

158. The United States repeats and realleges the allegations contained in Paragraphs 1 through 157 above, as if fully set forth herein.

159. Defendant Gallup violated the provisions of the False Claims Act, 31 U.S.C. § 3729(a)(1)(B) (West 2010) (formerly 31 U.S.C. § 3729(a)(2) (2006)), by knowingly making,

using, or causing to be made or used, false records or statements: (1) material to false or fraudulent claims for payment to the United States Mint, the State Department, OPM, and FEMA; and/or (2) in order to get its false or fraudulent claims paid; and (3) which claims the United States did pay.

160. The United States paid the false or fraudulent claims because of Gallup's acts and incurred damages as a result.

161. Pursuant to 31 U.S.C. § 3729(a), Gallup is liable to the United States Government for a civil penalty of not less than $5,500 and not more than $11,000, for each violation of the False Claims Act committed by Gallup.

162. Pursuant to 31 U.S.C. § 3729(a), Gallup is liable to the United States for three times the amount of all damages sustained by the United States because of Gallup's conduct.

COUNT III
For Civil Penalties Under 41 U.S.C. §§ 2103, 2105
(Against Defendant Gallup)

163. The United States repeats and realleges the allegations contained in Paragraphs 1 through 162 above, as if fully set forth herein.

164. Defendant Gallup violated the provisions of 41 U.S.C. §§ 2103 and 2105 by engaging in employment discussions with Timothy Cannon, a FEMA official who was personally and substantially participating in FEMA procurements on which Gallup was a bidder or offeror, while knowing that Cannon had not recused himself from the procurement, knowing that had he not rejected the possibility of employment with Gallup, and further knowing that Cannon had not informed FEMA of the employment discussions.

165. Defendant Cannon violated the provisions of 41 U.S.C. §§ 2103 and 2105 by engaging in employment discussions with Gallup while being personally and substantially

involved in FEMA procurements on which Gallup was a bidder or offeror, and failing to notify FEMA and failing to either recuse himself from the procurement or reject the possibility of employment with Gallup.

166. Accordingly, under 41 U.S.C. § 2105, Gallup is liable to the United States for a civil penalty of up to $500,000 plus two times the amount of compensation offered by Gallup to Cannon.

167. Accordingly, under 41 U.S.C. § 2105, Cannon is liable to the United States for a civil penalty of up to $50,000.

COUNT IV
For Civil Penalties Under 41 U.S.C. §§ 2103, 2105
(Against Defendant Cannon)

168. The United States repeats and realleges the allegations contained in Paragraphs 1 through 167 above, as if fully set forth herein.

169. Defendant Cannon violated the provisions of 41 U.S.C. §§ 2103 and 2105 by engaging in employment discussions with Gallup while being personally and substantially involved in FEMA procurements on which Gallup was a bidder or offeror, and failing to notify FEMA and failing to either recuse himself from the procurement or reject the possibility of employment with Gallup.

170. Accordingly, under 41 U.S.C. § 2105, Cannon is liable to the United States for a civil penalty of up to $50,000.

COUNT V
For Civil Penalties Under 18 U.S.C. §§ 208 and 216
(Against Defendant Cannon)

171. The United States repeats and realleges the allegations contained in Paragraphs 1 through 170 above, as if fully set forth herein.

172. Defendant Timothy Cannon violated the provisions of 18 U.S.C. § 208 by personally and substantially participating as FEMA's Human Capital Director in Gallup's subcontract with FEMA, a matter in which Gallup had a financial interest, while also negotiating for, and having an arrangement with respect to, prospective employment with Gallup.

173. Consequently, under 18 U.S.C. § 208, Defendant Timothy Cannon is liable for civil penalties under 18 U.S.C. § 216 of up to $50,000.

COUNT VI
For Breach of Contract
(Against Defendant Gallup)

174. The United States repeats and realleges the allegations contained in Paragraphs 1 through 173 above, as if fully set forth herein.

175. Without excuse, Defendant Gallup materially breached its contract with the United States Mint by: (1) failing to provide accurate estimates of expected labor hours for firm fixed price task orders as required by the contact; and (2) failing to abide by the Price Protection Clause in the contract.

176. Without excuse, Defendant Gallup materially breached its contract with the U.S. Department of State by improperly using labor rates in excess of those found in Gallup's General Services Administration contract.

177. Defendant Gallup's breaches of its contracts caused damages to the United States Mint and to the State Department, and Gallup is liable to the United States in the amount of the damages caused by its breaches.

COUNT VII
For Unjust Enrichment
(Against Defendant Gallup)

178. The United States repeats and realleges the allegations contained in Paragraphs 1 through 177 above, as if fully set forth herein.

179. By receiving payments and profits from the U.S. United States Mint, State Department, and FEMA by making and using false records and statements, and through its wrongful, improper, and corrupt conduct, Defendant Gallup has been unjustly enriched and is liable to repay such amounts to the United States.

COUNT VIII
For Payment By Mistake
(Against Defendant Gallup)

180. The United States repeats and realleges each allegation in Paragraphs 1 through 179 above, as if fully set forth herein.

181. As a result of its conduct, Gallup received payments from the U.S. United States Mint, the U.S. Department of State and FEMA to which it was not entitled and as a result of mistake of fact of those agencies.

182. The United States Mint, State Department, and FEMA relied upon their mistake in authorizing and approving payment to Gallup.

183. Gallup is liable to the United States for the amounts paid to Gallup by the United States by mistake.

COUNT IX
For Breach of Fiduciary Duty
(Against Defendant Cannon)

184. The United States repeats and realleges each allegation in Paragraphs 1 through 183 above, as if fully set forth herein.

185. As a FEMA official, Defendant Timothy Cannon owed the United States and FEMA a fiduciary duty.

186. By engaging in employment discussions with Gallup while personally and substantially participating in a matter in which Gallup had a direct financial interest, Defendant Cannon breached his fiduciary duty.

187. Defendant Cannon is therefore liable to the United States for payments by the United States to Cannon while Cannon was in breach of his fiduciary duty.

PRAYER FOR RELIEF

188. WHEREFORE, Plaintiff United States of America prays for judgment against the Defendants, as follows:

A. As to Counts I and II under the False Claims Act, 31 U.S.C. § 3729(a), against Gallup, for treble the amount of the United States' single damages to be proven at trial, plus civil penalties as are required by law in the amount of $5,500 to $11,000 per violation of the False Claims Act, post-judgment interest, costs, and such other relief as may be necessary and proper;

B. As to Count III under the Procurement Integrity Act, 41 U.S.C. §§ 2103 and 2105, against Gallup, for the maximum amount of civil penalties as are permitted by law;

C. As to Count IV under the Procurement Integrity Act, 41 U.S.C. §§ 2103 and

2105, against Defendant Timothy Cannon, for the maximum amount of civil penalties as are permitted by law;

D. As to Count V under 18 U.S.C. §§ 208 and 216, against Defendant Timothy Cannon for the maximum amount of civil penalties as are permitted by law;

E. As to Count VI, breach of contract, against Defendant Gallup, for the amount of damages sustained by the United States as a result of Gallup's breaches of contract, to be proven at trial, plus pre-judgment and post-judgment interest, and costs;

F. As to Count VII, unjust enrichment, against Defendant Gallup, for the sums by which Gallup has been unjustly enriched, which will be proven at trial, plus pre-judgment and post-judgment interest, and costs;

G. As to Count VIII, payment by mistake, against Defendant Gallup, for the amounts paid to Gallup by mistake, which will be proven at trial, and for pre-judgment and post-judgment interest, and costs; and

H. As to Count IX, breach of fiduciary duty, against Defendant Cannon, for the amount paid to Defendant Cannon by the United States while in breach of his fiduciary duty, which will be proven at trial, and for pre-judgment and post-judgment interest, and costs; and

I. Such other relief as the Court deems just and proper.

The United States demands a trial by jury as to all issues so triable.

Respectfully Submitted,

STUART F. DELERY
Principal Deputy Assistant Attorney General

By: *<u>/s/ Daniel Hugo Fruchter</u>*

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