



# Department of Justice

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## **CISCO SYSTEMS AND WESTCON GROUP NORTH AMERICA PAY \$48 MILLION TO SETTLE FALSE CLAIMS ACT ALLEGATIONS**

WASHINGTON -- Cisco Systems and Westcon Group North America (formerly d.b.a. Comstor) have agreed to pay the United States \$48 million to settle claims that they made misrepresentations to the General Services Administration (GSA) and other federal agencies in violation of the False Claims Act, the Justice Department announced today.

Today's civil settlement resolves the United States' assertions that Cisco and Westcon knowingly provided incomplete information to GSA contracting officers during negotiations in regard to Westcon's contract with the GSA, which resulted in defective pricing of Cisco products and submission of false claims to the United States.

"Contractors that do business with the United States must deal fairly with federal agencies," said Tony West, Assistant Attorney General for the Civil Division of the Department of Justice. "When contractors provide incomplete and untruthful information to the government, we will take action to restore the integrity of the procurement process and protect taxpayer dollars."

"This district has been aggressively pursuing cases involving defective pricing by contractors," said Jane W. Duke, U.S. Attorney for the Eastern District of Arkansas. "The prices paid by government agencies for commercial products are ultimately borne by the taxpayers, and the producers and sellers of those products must be held accountable for any questionable practices."

As a part of this settlement, the United States has agreed to dismiss a whistleblower lawsuit filed in 2004 in the United States District Court for the Eastern District of Arkansas, *United States ex rel. Rille. v. Cisco Systems, Inc.*

"Overcharging the government results in waste of taxpayer dollars," said Brian D. Miller, GSA Inspector General. "Our auditors and special agents keep vigilant watch to ensure contractors stay honest."

The investigation and settlement of this matter were jointly handled by the Justice Department's Civil Division and the Office of the U.S. Attorney for the Eastern District of Arkansas, with assistance from the GSA's Office of Inspector General, the Department of Energy's Office of Inspector General, the Defense Criminal Investigative Service and the Defense Contract Audit Agency.

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