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Washington, D.C.-Based Academy For Educational Development Pays More Than \$5 Million to Settle False Claims Act Allegations

WASHINGTON – The Academy for Educational Development (AED) in Washington, D.C., has agreed to settle allegations that the company submitted false claims to the United States Agency for International Development (USAID) in connection with two cooperative agreements under which AED provided foreign assistance in Afghanistan and Pakistan, the Justice Department announced today. Although certain terms of the settlement are contingent on future events, the agreement ensures that the United States will receive more than \$5 million, and potentially could receive more than \$15 million, to settle these claims.

The government alleges that AED failed to ensure that its actions under two cooperative agreements with USAID complied with applicable regulations concerning competition in procurements, adherence to contract specifications, and supervision of its subcontractors. The government further alleges that AED failed to inform USAID that AED had discovered defects in AED's systems of internal controls and that certain of AED's subcontractors may have engaged in corruption and other wrongful activities.

The two cooperative agreements covered by the settlement are the Federally Administered Tribal Area Livelihood Development Program (FATA-LDP) in Pakistan and the Higher Education Project in Afghanistan. AED's alleged misconduct resulted in substandard work and the government being overcharged for services and goods.

"When our government undertakes foreign assistance programs around the world, it must be able to trust its partners," said U.S. Attorney Ronald C. Machen Jr. "Contractors cannot be allowed to turn a blind eye to requirements designed to prevent fraud and corruption. This settlement should make contractors realize how serious we are about preserving the integrity of foreign assistance programs."

“Fraud in connection with critical assistance programs overseas not only wastes taxpayer dollars, but can also put lives at risk and undermine our foreign relations,” said Tony West, Assistant Attorney General for Civil Division of the Department of Justice. “Working with our federal partners, we will use the strong tools at our disposal to fight procurement fraud no matter where in the world it occurs.”

In 2009, USAID’s Office of Inspector General learned of AED’s allegedly wrongful conduct in connection with the company’s overseas operations. As a result of additional investigation, USAID in May 2010 terminated for cause the FATA-DP agreement, one of the two cooperative agreements covered by the settlement agreement. In December 2010, USAID suspended AED from doing additional business with the federal government.

“The investigation that led to the settlement agreement is an example of the ongoing partnership between U.S. law enforcement agencies and Pakistani officials to help protect U.S. taxpayers,” said USAID Inspector General Donald A. Gambatesa.

Assistant Attorney General West noted that the settlement was the result of a coordinated effort among the Justice Department’s Civil Division; the U.S. Attorney’s Office for the District of Columbia; USAID, including its Office of Inspector General; the International Corruption Unit of the FBI; and the Pakistan National Accountability Bureau.

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