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April 2, 2010

NEWS RELEASE

PHILADELPHIA - The settlement of a civil claim against Somerset Industries, Inc., a privately-owned company based in Springhouse, Pennsylvania, and its owners Jay Shrager and Albert Breslow, was announced today by United States Attorney Michael L. Levy. The settlement resolves civil claims originally filed by a whistleblower under the False Claims Act.

Somerset is a wholesale food distributor specializing in providing its customers with dry, canned, and frozen products. Among its customers are correctional facilities operated by the Bureau of Prisons, which is part of the United States Department of Justice. The government contends that during the period 2002 through 2007, Somerset concealed, mislabeled, and/or altered packaging of some food products sold to the Bureau of Prisons with the intention of misleading the Bureau of Prisons as to the date marks on the food packaging, and thus the market value of food product. The government does not contend that the food sold by Somerset to the Bureau of Prisons was unfit for consumption, or that Somerset's conduct caused any illness to those who may have consumed the food. Somerset denies that it intended to mislead the Bureau of Prisons.

The settlement requires Somerset to pay the United States \$150,000. The settlement further requires Somerset: (1) in perpetuity, to cease label concealment and alteration activity; and (2) for a period of five years, to disclose to Bureau of Prisons contracting officials any offers of food with a date mark reflecting a date within six months of the date of an offer, and to notify the Bureau of Prisons in writing of any material deviation from a bid specification.

Under the False Claims Act, the whistleblower who originally filed the lawsuit is entitled to a share of the government's recovery. In this matter, the whistleblower – a former Somerset employee – shall receive \$30,000 from the proceeds of the settlement.

This matter was investigated by Assistant Special Agent-in-Charge Joseph G. Barlow and Forensic Auditor Joseph E. Libertz for the Office of Inspector General, United States Department of Justice. It was handled by Assistant United States Attorney Joel M. Sweet. Brian A. Gordon, Esquire, represented the whistleblower. Edward J. Morris, Esquire, represented Somerset.

April 2, 2010
Page 2

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