



Department of Justice

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Textile Converter Pays \$344,516.80 to Resolve False Claims Act Allegations

LEXINGTON, Ky.— Tabb Textiles Co., Inc. (“Tabb”), and individuals affiliated with the company, have paid \$344,516.80 to resolve allegations that Tabb improperly billed Federal Prison Industries, Inc. for fabric that was sourced overseas, in violation of contract requirements.

Federal Prison Industries, Inc., also known as “UNICOR,” is a corporation wholly owned by the United States that allows inmates of the Bureau of Prisons to obtain occupational skills and work experience prior to their release. UNICOR’s operations include the manufacturing of apparel and other textile goods at twenty-three locations across the United States. Through these operations, UNICOR also strives to support the domestic economy, acquiring its manufacturing supplies from American companies.

On April 1, 2016, UNICOR awarded Tabb a contract for the provision of domestic fabric for use in UNICOR’s textile operations. Under the contract, Tabb supplied over six million yards of fabric to UNICOR. Of these six million yards of fabric, approximately 200,000 yards of fabric came from a foreign source, an error that arose from Tabb intermingling foreign and domestic fabric after the bleaching process.

A *qui tam* complaint prompted the United States’s investigation. A *qui tam* is a lawsuit under the False Claims Act that is brought by a private citizen on behalf of the United States, allowing the private citizen to share in the financial recovery. Although the investigation demonstrated that Tabb purchased domestic fabric for the contract, an internal investigation by Tabb revealed the intermingling of foreign and domestic white fabric, causing UNICOR to accept delivery of foreign-sourced fabric. Tabb cooperated with the United States’ inquiries, disclosing the results of its internal investigation and agreeing to compensate the United States for its error. The private citizen who brought the *qui tam* suit will receive approximately \$65,000 from the settlement.

The case was investigated by the U.S. Department of Justice, Office of Inspector General. Assistant United States Attorney Mary Melton represented for the United States. The case is *United States ex rel. Perlstein v. Tabb Textiles Co., Inc., et al.*, Case No. 21-cv-70-REW. The claims resolved by the settlement are allegations only, and there has been no determination of liability.

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