



Department of Justice

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CIV

TUESDAY, MAY 25, 2010
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**MASSACHUSETTS-BASED EMC CORPORATION PAYS U.S. \$87.5 MILLION
TO SETTLE FALSE CLAIMS ACT CASE**

Also is Alleged to Have Violated Federal Anti-Kickback Act

WASHINGTON - EMC Corporation has paid the United States \$87.5 million to settle a lawsuit alleging that the information technology company violated the False Claims Act and the federal Anti-kickback Act, the Justice Department announced today.

The United States alleged that, by misrepresenting its commercial pricing practices, EMC fraudulently induced the General Services Administration (GSA) to enter into a contract with prices that were higher than they would have been had the information technology company not made false misrepresentations. Specifically, the United States alleged that the Hopkinton, Mass.-based company represented during contract negotiations that, for each government order under the contract, EMC would conduct a price comparison to ensure that the government received the lowest price provided to any of the company's commercial customers making a comparable purchase. According to the government's complaint, EMC knew that it was not capable of conducting such a comparison, and so EMC's representations during the negotiations – as well as its subsequent representations to GSA that it was conducting the comparisons – were false or fraudulent.

The United States also alleged that EMC engaged in an illegal kickback scheme designed to influence the government to purchase the company's products. EMC maintained agreements whereby it paid consulting companies fees each time the companies recommended that a government agency purchase an EMC product. These kickback allegations are part of a larger investigation of government technology vendors that has resulted in settlements to date with three other companies, with several other investigations and actions still pending. The kickback investigation was initiated by a lawsuit filed under the *qui tam*, or whistleblower, provisions of the False Claims Act, which allow private citizens to sue for fraud on behalf of the United States and share in any recovery.

“Misrepresentations during contract negotiations and the payment of kickbacks or illegal inducements undermine the integrity of the government procurement process,” said Tony West, Assistant Attorney General for the Civil Division of the Department of Justice. “The Justice Department is acting to ensure that government purchasers of commercial products can be assured that they are getting the prices they are entitled to.”

The lawsuit, initially filed in the Eastern District of Arkansas, was transferred to the U.S. District Court for the Eastern District of Virginia where it is captioned *United States of America ex rel. Rille and Roberts v. EMC Corporation*, Civil Action 1:09-cv-00628 (E.D. Va.).

“Companies should not keep charging higher prices to the Government when costs go down. The American taxpayers deserve a better deal,” said GSA Inspector General Brian D. Miller. “This case is another demonstration of the value of OIG audits.”

The case was handled by the Justice Department’s Civil Division and the U.S. Attorney for the Eastern District of Virginia, with the assistance of the General Services Administration Office of the Inspector General, the Department of Energy Office of the Inspector General, the U.S. Postal Service Office of the Inspector General, the Defense Criminal Investigative Service, and the Treasury Department’s Inspector General for Tax Administration.

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