



U.S. Department of Justice

Loretta E. Lynch
United States Attorney
Eastern District of New York

271 Cadman Plaza
Brooklyn, New York 11201

FOR IMMEDIATE RELEASE

November 12, 2013

Contacts:

Robert Nardoza
United States Attorney's Office
(718) 254-6323

PRESS RELEASE

THE UNITED STATES AND CA, INC. SETTLE
FEDERAL CIVIL FRAUD CLAIMS FOR \$8 MILLION

Settlement Resolves Federal Claims that CA, Inc.'s Software Maintenance Renewal Practices and Administration of Software Blanket Purchase Agreements Violated False Claims Act

Loretta E. Lynch, United States Attorney for the Eastern District of New York, today announced the settlement of claims that CA, Inc. (CA), an Islandia, New York-based software and information technology company, defrauded the federal government in connection with contracts administered by the General Services Administration (GSA) and the Department of Defense (DOD). Pursuant to the settlement, which has been approved by United States District Judge Leonard D. Wexler, CA has paid the United States eight million dollars (\$8,000,000.00).

The settlement announced today is the result of a joint investigation conducted by the GSA Office of the Inspector General, and, on behalf of DOD, the Defense Criminal Investigative Service (DCIS).

Between 2001 and 2010, federal government agencies purchased software maintenance services from CA, including upgrades and technical assistance, in accordance with contracts between CA and the GSA. The government's investigation established that CA knowingly double-billed federal agencies by charging for periods of software maintenance for which the agencies had already paid. Specifically, when federal customers entered into software maintenance renewal agreements with CA, the company began the renewal periods on the day CA processed the order, rather than the day *after* the expiration of the customer's then-existing maintenance period.

The government's investigation also encompassed claims that CA prevented DOD buying commands, including military bases, from taking advantage of pre-paid software inventory and

discounts available under several contracts known as Blanket Purchase Agreements (BPAs). The investigation established that CA fraudulently administered the BPAs by steering DOD customers away from BPA purchases and toward purchases under more costly contracts.

The settlement resolves claims filed under seal by Ann-Marie Shaw pursuant to the False Claims Act (FCA) in the action *United States of America, et al., ex rel. Shaw v. CA, Inc.* The FCA provides that a person with information that false claims for payment have been presented to the United States may bring a lawsuit for the United States and may share in any recovery. The *Shaw* suit also alleged fraud claims on behalf of California, Florida, Hawaii, Illinois, Massachusetts, Nevada, Virginia, New York, the District of Columbia, and the City of New York. The state claims are being settled pursuant to a separate agreement. The seal in the *Shaw* case was lifted on November 5, 2013.

CA has denied the government's claims.

"The United States is not a deep pocket of taxpayer dollars to be exploited by private industry. We expect those who conduct business with the United States to honor their obligations accurately and honestly," stated United States Attorney Loretta E. Lynch. "We will continue to vigorously enforce the False Claims Act for the protection of taxpayers and the United States government." Ms. Lynch praised the successful partnership between the United States Attorney's Office and the investigative agencies to carry out the mission to detect and prevent fraud.

"The federal government cannot afford to be overcharged," said GSA Inspector General Brian D. Miller. "We need to save every taxpayer dollar we can."

"By steering DOD customers away from the value-saving contract instruments, CA, Inc. took advantage of their federal customers and the U.S. taxpayers through their disregard for appropriate corporate governance. CA's actions resulted in DOD paying again for software maintenance already paid for," commented Special Agent in Charge Craig W. Rupert, DCIS Northeast Field Office. "The Defense Criminal Investigative Service, with our partner agencies, continues to aggressively pursue defense contractors who disregard the rules of commerce and law that disadvantage their customers."

The United States' claims were litigated by Assistant United States Attorney Robert W. Schumacher.