

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND**

 UNITED STATES OF AMERICA,)
 ex rel. REKHA VASUDEVA and)
 KARAN VASUDEVA,)
)
 Plaintiffs,)
)
 v.)
)
 ANJAN DUTTA-GUPTA,)
 INDRANI DUTTA-GUPTA,)
 AMRITA DUTTA-GUPTA,)
 RALPH M. MARIANO,)
 and RUSSELL SPENCER,)
)
 Defendants.)
 _____)

**SECOND AMENDED COMPLAINT
(False Claims Act)**

CIVIL ACTION NO. 11-114ML

PRELIMINARY STATEMENT

This lawsuit is based upon a scheme by the Defendants to solicit or pay bribes and kickbacks in connection with U.S. Navy contracts, to make false statements to obtain Small Business Minority-Owned Section 8(a) status, to rig bids for U.S. Army contracts using confidential U.S. Army information, to make false claims for payment for work under government contracts obtained through bribes, kickbacks and bid-rigging, to make false claims for work not performed under U.S. Navy contracts, and to make false claims for work under government contracts obtained as a result of the fraudulently-obtained 8(a) status. *Qui Tam* Plaintiffs Rekha and Karan Vasudeva (“Relators”), by the undersigned counsel, bring this civil action on behalf of and in the name of the United States of America under the *qui tam* provisions of the federal False Claims Act, 31 U.S.C. §§ 3729-3733, and allege:

JURISDICTION AND VENUE

1. All Counts of this Complaint are civil actions by Plaintiffs Rekha and Karan Vasudeva, acting on behalf of and in the name of the United States, against the Defendants under the federal False Claims Act, 31 U.S.C. §§ 3729-3733. This Court has jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1345, and 31 U.S.C. § 3732(a).

2. Certain of the Defendants reside and/or have transacted business in this judicial district. In addition, many of the acts proscribed by 31 U.S.C. § 3729(a), such as the submission of false claims for payment, took place in this judicial district. This Court, therefore, has personal jurisdiction over the Defendants and venue is appropriate in this district pursuant to 31 U.S.C. § 3732(a) which provides that any action under 31 U.S.C. § 3730 may be brought “in any judicial district in which . . . any one defendant can be found, resides, transacts business, or in which any act proscribed by section 3729 occurred.”

3. None of the allegations set forth in this Complaint is based on a public disclosure of allegations or transactions in a criminal, civil, or administrative hearing, in a congressional, administrative, or General Accounting Office report, hearing, audit, or investigation, or from the news media.

4. Plaintiffs Rekha and Karan Vasudeva have direct and independent knowledge, within the meaning of 31 U.S.C. § 3730(e)(4)(B), of the information on which the allegations set forth in this Complaint are based. Moreover, prior to any public disclosure of the allegations or transactions on which this Complaint is based, and prior to filing this lawsuit, Plaintiff voluntarily provided the information set forth herein to the U.S. Attorney's Offices for the Northern District of Georgia or the District of Rhode Island.

PARTIES

QUI TAM PLAINTIFFS

5. Ms. Rekha Vasudeva is a United States citizen who resides in Roswell, Georgia with her spouse, Dr. Karan Sahai Vasudeva. Ms. Rekha Vasudeva was born in Lucknow, India. She obtained a Bachelor of Arts Degree in Philosophy from Delhi University in 1969, and worked in India and Australia as a Senior Writer and Creative Group Head for Ogilvy & Mather from 1973 until 1982. She emigrated to the United States in 1982 so that Dr. Vasudeva could accept a job teaching electrical engineering. Prior to the events set forth herein, she had been primarily a homemaker during her time in the United States, although she had engaged in intermittent and part-time freelance proofreading and copyediting assignments.

6. Dr. Karan Vasudeva was born on December 15, 1949, in New Delhi, India. He received a Bachelor of Science and a Ph.D. in Electrical Engineering from the University of Wales, United Kingdom, in 1972 and 1976, respectively. He earned an MBA from Case Western Reserve University in 1986. Prior to suffering a stroke in 2000, he held various managerial positions in the field of electrical engineering in the United States and abroad. Between 1994 and 2000, he held a series of senior executive level positions at Emerson Electric of St. Louis Missouri, including: Director, Global Strategic Initiatives, Westinghouse Process Control; Director, Emerson Power Group, and Industry Director, Power, Fisher-Rosemount. He previously worked for SACDA Inc., Jacobs Engineering, Babcock & Wilcox, Caldwell Connell Engineer Pty. Ltd., and the General Electric Company Ltd. Between 1987 and 1991, he was also an Adjunct Associate Professor of Systems Engineering at Case Western Reserve University, in Cleveland, Ohio.

DEFENDANTS AND OTHER SIGNIFICANT PERSONS AND ENTITIES

7. Advanced Solutions for Tomorrow, Inc. (ASFT) was a company that offered information technology services and consulting, integrated logistics services and management and training. The company was founded in 1992. It was headquartered at 295 West Crossville Road, Building 200, in Roswell, Georgia. ASFT received most of its business from the U.S. Navy Underwater Warfare Command (NUWC). ASFT's audited financial statement for 2004 reflected \$18.5 million in revenue, with \$15.5 million coming from NUWC contracts. In 2005, the company was awarded a NUWC contract valued at approximately \$18 million.

8. Paramount Solutions, Inc. ("Paramount") was incorporated in Georgia on August 25, 2004, with Jacqueline Wilson as President and CEO, Defendant Amrita Dutta-Gupta (the daughter of Defendant Anjan Dutta-Gupta) as CFO and Treasurer, and Plaintiff Rekha Vasudeva as Secretary. Each partner owned one-third of the company. Paramount's corporate headquarters are in Woodstock, Georgia. In April 2005, the Small Business Administration approved the company's application for 8(a) status as a wholly-women-owned, disadvantaged minority small business enterprise, granting it a waiver from the requirement to be in business for two years. Paramount Solutions holds itself out as specializing in systems engineering, information technology, process improvement and training, along with professional and dedicated support services. The company's primary North American Classification System Code (NAICS) is 541330--Engineering Services.

9. Defendant Anjan Dutta-Gupta is a U.S. citizen who was born in India. He has resided in Roswell, Georgia, and was sentenced in December 2013 to serve three years in federal

prison in light of misconduct set forth herien. He is the founder and former President of ASFT. He is married to Defendant Dr. Indrani Dutta-Gupta. Their daughter is Defendant Amrita Dutta-Gupta.

10. Defendant Dr. Indrani Dutta-Gupta (“Dr. Dutta-Gupta”) is a U.S. citizen who was born in India. She is married to Anjan Dutta-Gupta and has resided with him in Roswell, Georgia. Their daughter is Defendant Amrita Dutta-Gupta. Dr. Dutta-Gupta was the Executive Vice-President of ASFT. She holds a doctorate in English.

11. Defendant Amrita Dutta-Gupta is the daughter of Anjan and Dr. Dutta-Gupta. She resided in the Washington, DC area in 2004 and 2005. She was designated CFO and Treasurer of Paramount, as well as a one-third owner, when it was incorporated in 2004. At the time, she was 24 years of age with no prior work experience. As Paramount CFO and Treasurer, beginning in 2005, Amrita Dutta-Gupta paid herself a yearly salary of \$58,000, plus travel, rent and telephone expenses from what she knew to be U.S. government money that had been paid to ASFT under a U.S. Navy contract and then funneled to Paramount by Defendant Russell Spencer. Neither Paramount nor Defendant Amrita Dutta-Gupta performed any work for the U.S. Navy justifying the payment of this money. Amrita Dutta-Gupta was an owner and officer of Paramount until 2009.

12. Defendant Ralph M. Mariano (“Mariano”) is a former employee of the U.S. Department of Defense (U.S. DOD) who has resided in Warwick, Rhode Island and in Arlington, Virginia, and is currently incarcerated in federal prison in light of his guilty plea to misconduct set forth herein. He was identified as the Program Officer on various U.S. Navy contracts and sub-contracts awarded to ASFT. His brother is Joseph J. Mariano, who resides in Johnston, R.I.

and has been employed with Inquest Technologies, Inc. Ralph M. Mariano has transacted business in Roswell, Georgia. In particular, he entered into a conspiracy with Anjan Dutta-Gupta and the other Defendants herein pursuant to which Mr. Dutta-Gupta would use funds in ASFT's bank account(s) to make payments to Mr. Mariano.

13. Patrick Nagle ("Nagle"), who joined ASFT in 1996, held the title of ASFT Senior Vice President for Contracts. In this capacity, he oversaw the creation and implementation of ASFT's corrupt schemes with Defendant Ralph Mariano. Nagle co-owns ND Management, LLC, a real estate company, with Defendant Anjan Dutta-Gupta. Nagle first met Defendant Mariano when they attended the same college. Before working for ASFT, Nagle was the Comptroller of a company known as AmTech that did business in Rhode Island. In 1996, Defendant Mariano suggested to Defendant Anjan Dutta-Gupta that ASFT should purchase AmTech in order to do business in Rhode Island. In 1996, ASFT did purchase AmTech, and shortly after ASFT purchased that company, Defendant Anjan Dutta-Gupta brought Nagle on board as an employee of ASFT. Nagle has been sentenced to three years of probation as a result of misconduct set forth herein.

14. Jacqueline ("Jackie") Wilson is a former employee of ASFT who worked as the President and CEO of Paramount. She resides in Woodstock, Georgia. She was born on October 17, 1966. She has previously used the names Jacqueline Jean Audain and Jacqueline Jean Gordon.

15. Defendant Russell Spencer ("Spencer") and his wife, Debra Spencer, owned C&S Technology, Inc., ("C&S") a company that was incorporated in Rhode Island in September 2003 and then hired by ASFT for ostensible subcontract work under an ASFT contract with the U.S.

Navy. Beginning at least as early as 2004, ASFT wired to C&S significant funds on a biweekly basis, ostensibly for work performed under the U.S. Navy Contract. At the request of Defendants Mariano, Anjan Dutta-Gupta and Dr. Dutta-Gupta, C&S funneled some of these funds to Paramount despite the fact that Paramount had done no work for the Navy to justify the payments. The three owners of Paramount Solutions, Inc., including Defendant Amrita Dutta-Gupta, then used these funds to pay themselves “salaries.” C&S Technology, Inc. also funneled some of the funds received from ASFT directly and/or indirectly to Ralph Mariano. Spencer has been sentenced to a term in federal prison as a result of the conduct set forth herein.

16. This misconduct alleged herein, which underlies Plaintiffs' allegations that Defendants have violated the False Claims Act, includes:

- Bribes and/or kickbacks paid to Defendant Ralph M. Mariano, who was an employee of the U.S. Department of Defense, by Mr. Anjan Dutta-Gupta in exchange for Defendant Mariano steering Navy business to ASFT;
- Bribes and/or kickbacks paid to Defendant Mariano by other companies to obtain U.S. Navy business;
- False claims presented, or caused to be presented, by Defendant Amrita Dutta-Gupta under a U.S. Navy Contract, for work not performed; and
- Fraud on the Small Business Administration's Small Minority-Owned Business Program.

17. In 2004, Defendants Anjan and Indrani Dutta-Gupta, who at the time were social acquaintances of Relators, approached Ms. Vasudeva about forming a company and applying for Small Business Administration (SBA) small, disadvantaged business status under the 8(a)

Business Development Program (referred to as “Section 8(a) status”) to gain an advantage in bidding for government contracts. The Dutta-Guptas expressed sympathy for the Vasudevas’ financial situation after Karan Vasudeva had suffered a stroke in 2000, and maintained that they would like to be philanthropic and include Ms. Vasudeva in a new venture that would involve the establishment of an 8(a) company.

18. The Dutta-Guptas owned and operated ASFT. In 2004, ASFT had recently graduated from 8(a) status.

19. In response to the Dutta-Guptas’ overture, Ms. Vasudeva agreed to be one of the three founding partners of the company proposed by the Dutta-Guptas. The company was given the name Paramount Solutions, Inc., and was incorporated in Georgia on August 25, 2004.

20. In addition to Rekha Vasudeva, the founders of Paramount included Jackie Wilson, who was designated President and CEO, and Amrita Dutta-Gupta, who was designated CFO and Treasurer. Ms. Vasudeva was named Secretary. Each of the foregoing owned one-third of the company when it was first incorporated. Jackie Wilson was employed by ASFT until approximately December 2004, and continued to enjoy ASFT company privileges during the time that Ms. Vasudeva was working for Paramount.

21. On April 1, 2005, the SBA granted Paramount Solution’s application to be designated as a wholly women-owned, disadvantaged minority small business organization under Section 8(a) of the Small Business Act.

22. Defendant Anjan Dutta-Gupta set up Paramount Solutions: (i) to funnel government money to his daughter Amrita Dutta-Gupta for her living expenses in the Washington, D.C. area without ASFT or himself being taxed on the funds; (ii) to obtain an

advantage in government contracting, as the government “sets aside” a certain portion of its contracts for 8(a) companies and does not have to receive competitive bids when awarding business to a company granted Section 8(a) status by the SBA; and, (iii) to establish a vehicle for paying bribes to at least one government official.

23. Defendant Anjan Dutta-Gupta controlled the actions of Paramount behind the scenes by directing the actions of Jackie Wilson and his daughter, Amrita Dutta-Gupta, two of the three partners in the company. Defendant Anjan Dutta-Gupta expected and demanded to be paid a portion of the company’s profits on government contracts. Relators gradually came to understand the foregoing during the year that Ms. Vasudeva worked at Paramount Solutions. Following the company’s incorporation, Ms. Vasudeva set up an office for Paramount in the basement of her home, and, at the direction of Jackie Wilson, who was still working out of ASFT’s offices, began to assist Ms. Wilson in obtaining Section 8(a) minority-owned, small business status for Paramount from the SBA.

24. The SBA initially denied Paramount Solutions’ application for Section 8(a) status, but eventually granted it on April 1, 2005, based on significant modifications to the application and the submission of supplemental materials by Paramount with the assistance of a consultant.

25. From the date of incorporation until she resigned on January 9, 2006, Ms. Vasudeva served as Paramount’s Secretary and performed administrative duties for the company, including bookkeeping and the drafting of proposals.

Fraud on SBA’s Section 8(A) Program

26. The SBA’s Section 8(a) Business Development Program provides business development assistance to companies owned by socially and economically disadvantaged

individuals. The program, authorized by Sections 8(a) and 7(j) of the Small Business Act, 15 U.S.C. §§ 636 and 637(a), is open to small businesses, owned and controlled by socially and economically disadvantaged people who are United States citizens. The small business must demonstrate potential for success. To demonstrate potential for success, the 8(a) applicant must either establish that it has been in business for two years or obtain a waiver of the two-year requirement by exhibiting actual success through past work experience.

27. Participants in the 8(a) program receive business development assistance from the SBA and other government agencies. One key benefit is the opportunity to receive "sole-source" contracts not exceeding \$3 million for goods and services, and \$5 million for manufacturing. Participants can also bid for "set-aside" contracts of any size in competition with other participants in the 8(a) Program.

28. Participants typically remain in the 8(a) Program for a period of nine years, during which time they are encouraged to develop their competitive and institutional know-how by obtaining a monitored combination of 8(a) and non-8(a) contracts.

29. In March 2005, Paramount Solutions provided false statements in support of its 8(a) application in order to establish "actual experience," justifying a waiver from the requirement that the company must have been in business for two years.

30. In support of its 8(a) application, Paramount Solutions submitted a reference letter from a company affiliated with ASFT management, named ND Management, LLC. The letter falsely represented that Paramount had performed \$5,000 worth of work for ND Management. ND Management, LLC is a real estate company owned by Defendant Anjan Dutta-Gupta and fellow ASFT executive, Pat Nagle. ND Management, LLC signed a Contract Agreement with

Paramount Solutions dated February 21, 2005, calling for Paramount to provide database documentation for a contract management system. On March 1, 2005, ND Management, LLC then paid Paramount \$5,000 by check, ostensibly for such work. However, Paramount performed no such work for ND Management. On September 2, 2005, Paramount reimbursed ND Management for the \$5,000 it had paid Paramount.

31. In support of its 8(a) application, Paramount Solutions submitted a letter dated December 1, 2004 from a Russell E. Spencer, identified as the President of C&S Technology, Inc. ("C&S"). This letter falsely stated that C&S had reached an agreement with Paramount Solutions to support the Submarine Warfare Federated Tactical System Functional Requirement contract for the U.S. Navy by providing operational platforms capable of supporting network centric and multi/joint warfare missions. A purported statement of work was also enclosed with the letter. According to the letter, Paramount would be paid \$500,000 for this work by C&S over two years. However, Jackie Wilson and Anjan Dutta-Gupta understood at the time that Paramount Solutions would not perform this work, and that the money to be paid to Paramount by C&S would come from ASFT. In fact, this is what happened. Mr. Dutta-Gupta used this ostensible "contract" between Paramount and C&S as a mechanism to channel government money to Paramount and his daughter by funneling the money through C&S on a bi-weekly basis. In fact, Paramount did no work under the contract: although 12 so-called "deliverables" were billed by Paramount, nothing was actually delivered to C&S. From December 2004 through at least December 2005, Paramount issued bi-weekly invoices to C&S for ostensible work under a U.S. Navy contract pertaining to submarines, and C&S made regular bi-weekly payments in the amount of approximately \$11,540 to Paramount by wire transfer.

32. In support of its 8(a) application, Paramount also submitted a letter dated March 2, 2005 from Russell E. Spencer of C&S. This letter falsely stated that Paramount Solutions had completed two of twelve reports required under the above-referenced contract. Paramount provided C&S with no reports under the contract.

33. In support of its 8(a) application, Paramount further submitted a letter dated December 13, 2004 from Michael P. Cadenazzi, NAVSEA Acquisition Specialist, to Ms. Teresa Tyhurst, Chief, U.S. SBA, stating, in relevant part:

We anticipate Paramount Solution's assistance in conducting a Systems Modernization Engineering Study for NAVSEA commencing on or about February 21, 2005. NAVSEA considers Paramount Solutions as a viable performer to be seriously considered for this effort and in this regard is committed to providing immediate incremental funding towards the implementation of this project.

Jackie Wilson prepared the rough draft of this letter for the signature of Defendant Ralph M. Mariano of the Department of Defense. This letter was false. Paramount provided NAVSEA with no information on the topic of whether they were a "viable performer" to work on a Systems Modernization Engineering Study for NAVSEA, and it was not feasible that NAVSEA considered Paramount to be a "viable performer."

34. Paramount's Section 8(a) status permitted it to obtain three U.S. Army contracts, along with additional contracts and certifications such as IT and transcription contracts from Fulton County Government in Georgia, and the Georgia Department of Transportation Disadvantaged Business Enterprise Certification, that it would not otherwise have obtained. In addition, Paramount's fraudulently-obtained 8(a) status permitted it to obtain at least one government loan for \$15,000 to which it otherwise would not have been entitled. The proceeds

of this loan were neither deposited in Paramount's bank account nor entered onto the company's books and records.

35. All claims that Paramount submitted under the foregoing contracts and loan documents and under any other contracts and loan documents obtained as a result of its 8(a) status were false and fraudulent claims.

Kickbacks and Bribes Paid by ASFT and the Dutta-Guptas to Ralph M. Mariano

36. Nagle and Defendants Anjan Dutta-Gupta, Indrani Dutta-Gupta, and Russell Spencer paid hundreds of thousands of dollars to Defendant Mariano in exchange for Mariano arranging for the U.S. Navy to grant ASFT work under U.S. Navy contracts and subcontracts, including, among others, the following contracts and task orders: Seaport Enhanced Task Order N00178-04-D-4018, issued under a contract between British Aerospace and the U.S. Navy; and Naval Undersea Warfare Center, Division Newport, Contracts N66604-02-D-1365 and N66604-98-D-4482.

37. On information and belief, one way in which Defendants made these payments to Defendant Ralph Mariano was by funneling money to entities affiliated in some fashion with Mr. Mariano's brother, Joseph Mariano. On information and belief, Nagle and Defendants Anjan Dutta-Gupta, and Indrani Dutta-Gupta used government funds paid to ASFT on U.S. Navy contracts to make payments to C&S that were then funneled to Ralph's brother, Joseph Mariano. Joseph Mariano is affiliated with an entity called Inquest Technologies ("Inquest") of Rhode Island. At one point in time, C&S listed its address as the same address as that of Inquest. C&S appears to be a shell company. The purported President of C&S, Russell Spencer, was a full-time employee of the Electric Boat Company.

38. Defendant Ralph M. Mariano was aware of the U.S. Navy money that ASFT and Anjan Dutta-Gupta sent to Paramount through C&S. On information and belief, Joseph Mariano passed on some or all of the foregoing ASFT payments to his brother, U.S. DOD official Ralph M. Mariano. On information and belief, Nagle and Defendants Anjan Dutta-Gupta, Indrani Dutta-Gupta, , and Spencer also made payments directly to Inquest to get money to Joseph Mariano. On information and belief, Joseph Mariano passed on some or all of the foregoing payments to his brother, Ralph Mariano.

39. In June 2005, Jackie Wilson informed Ms. Vasudeva that Anjan Dutta-Gupta had asked Paramount to help pass through a payment of \$90,000 to the “Navy customer” by invoicing ASFT for work on the “Towed Array” project -- work that Paramount had not performed. In an email, Ms. Wilson referenced Mr. Dutta-Gupta’s request for help with this “funding” and requested that Ms. Vasudeva create invoices for supposed work on the Towed Array project to help him with the “funding.” Ms. Wilson also asked Ms. Vasudeva to change her time cards for the past two weeks to indicate she had worked on the Towed Array project. Ms. Wilson provided Ms. Vasudeva with materials pertaining to a contract between BAE Systems and ASFT that described the U.S. Navy work for which Paramount would bill ASFT. When Ms. Vasudeva objected, she was informed by Ms. Wilson that she had no choice because Mr. Dutta-Gupta wanted the funds to go to his “Navy customer,” and that such “pass throughs” were normal in government contracting.

40. Pursuant to Ms. Wilson’s demand, Ms. Vasudeva changed her time cards to falsely indicate she had worked on the Towed Array project. She then issued two invoices to ASFT for \$45,000 each that purported to charge ASFT for work performed for the “Towed

Array” and the “Towed Array Line Repair Facilities” projects. They falsely represented that Paramount had drafted an outline, performed research, drafted procedures, and created a flow chart for a technical repair standard manual, and then had delivered a training plan, lesson guides, student training guides, handouts, and an online training program for the Towed Line Array Repair Facilities project.

41. On October 25, 2005, during a conference call between the three owners of Paramount, Ms. Wilson requested that ASFT’s \$90,000 debt be removed and that timecards for all three owners be shifted once again to reflect work performed for C&S. Ms. Vasudeva objected. Ms. Wilson sent out an e-mail saying that Nagle had “advised that timecards and entries can be adjusted. I would recommend that the costs be moved to the C&S Technologies contract.” Ms. Wilson subsequently “zeroed out” Paramount’s accounting records sometime after October 2005 so that they no longer reflected a \$90,000 debt owed to Paramount by ASFT.

42. All claims submitted by ASFT under U.S. Navy orders, subcontracts or contracts, which were obtained as the result of the payment of money or any other item of value to or for the benefit of Ralph M. Mariano, were false and fraudulent claims.

43. All claims submitted by ASFT under U.S. Navy orders, subcontracts or contracts, for funds that were used to make payments to or for the benefit of Ralph M. Mariano, were false and fraudulent claims.

False Claims for Work Not Performed Under U.S. Navy Contract

44. Between December 2004 and December 2005, Paramount Solutions invoiced C&S Technology, Inc., on a biweekly basis for ostensible work under “SOW CST/PSI-A-1104-01” in support of “Submarine Warfare Federated Tactical Systems Functional Requirements

Documents,” i.e., the SWFTS FRD. The Statement of Work ("SOW") called for Paramount to provide C&S with “operational platforms capable of supporting network centric and multi/joint warfare mission” between October 29, 2004 and October 31, 2005, at a fixed price of \$500,000.00. Pursuant to the SOW, Paramount was to provide C&S with 12 separate reports at a price of \$35,000 each, and utilize “qualified personnel to form a four-member multidisciplinary team to oversee both technical and management issues critical to the integrity of the SWFTS and its associated functions.” Paramount’s bi-weekly invoices to C&S requested payment of either \$11,000 or \$11,540.

45. C&S paid Paramount’s invoices promptly through bank electronic transfers. The funds C&S used to pay Paramount were wired to C&S by ASFT, Nagle and/or Defendant Anjan Dutta-Gupta. Defendant Mariano was aware of these transactions. Paramount recorded the payments on its financial records as coming from government funds.

46. Paramount did not provide C&S with any of the deliverables called for by the SOW, or with any other goods or services of value, in exchange for the bi-weekly payments by C&S. Defendants Anjan and Indrani Dutta-Gupta characterized the bi-weekly ASFT funding of C&S as “salaries” for the three owners.

47. Beginning on or around December 13, 2004, Jackie Wilson and Defendant Amrita Dutta-Gupta, conspired to have Paramount use these wrongfully diverted U.S. Navy funds to pay “salaries” to Paramount’s three owners. The conspirators knew Paramount was performing no work for the Navy of any significance in exchange for these funds.

48. According to the official records of Paramount, Defendant Amrita Dutta-Gupta, in her capacity as Chief Financial Officer for the company, funneled these illegally-obtained federal

funds to her personal bank account by depositing some of these funds in Paramount's bank account, by causing Paramount to accept the remaining funds, by filling out false time slips claiming that she had spent more than 2,000 hours working on the C&S contract during the one year period between December 2004 and December 2005, and then by arranging for the company to issue paychecks to her for more than 2,000 hours of purported but non-existent "gov't services." In fact, she rendered no meaningful services under the Paramount-C&S Navy subcontract. In fact, during some or all of this time she was working for a different organization in Washington, D.C.

49. Nagle, as ASFT's Senior Vice President, Contracts, was in charge of ensuring that Paramount received payments in Anjan Dutta-Gupta's absence. Paramount's owners also asked Nagle for guidance on Paramount's financial matters. On December 28, 2004, Jackie Wilson sent an email to Nagle in which she asked for his advice in calculating Paramount's valuation: "Our return on investment is totally out of whack. Can you take a look and let me know if everything else looks reasonable."

50. All of the claims made by ASFT under U.S. Navy contracts, subcontracts or orders, to obtain funds to pay Paramount Solutions through C&S for the Paramount invoices discussed above were false claims.

Failure to Disclose Overpayments

51. As owners and officers of government contractors Paramount and C&S, respectively, Defendants Amrita Dutta-Gupta and Russell Spencer have been required to timely disclose to the Government credible evidence of a significant overpayment of government funds

to the contractor where they served as owner and/or officer. 48 C.F.R. 3.1003(a)(3); 48 C.F.R. § 52.203-13.

52. Through the schemes set forth herein, Paramount and C&S knowingly obtained a significant amount of federal funds to which they were not entitled, including monies to be paid as bribes and kickbacks, payments under U.S. Navy contracts obtained and maintained through bribes and kickbacks and payments for work that had not been performed. These improperly-obtained funds constituted government overpayments that the contractors were required to return. In violation of 48 C.F.R. 3.1003(a)(3), Defendant Spencer, an owner and officer of C&S, and Defendant Amrita Dutta-Gupta, an owner and the Chief Financial Officer of Paramount, failed to disclose these overpayments to the Government and thereby, throughout their tenure as owners and officers of their respective organizations, caused the contractors where they served as owners and officers to avoid an obligation to repay funds to the government. In addition, Defendant Amrita Dutta-Gupta, who served as Chief Financial Officer of Paramount, made false statements on her time slips and employee paystubs and on other books and records of Paramount in order for Paramount to conceal and avoid an obligation to repay funds to the government.

53. Defendants Amrita Dutta-Gupta and Russell Spencer also concealed and avoided their obligations to repay to the Government the Navy funds that had been paid to them in their personal capacities for work they had not performed. Amrita Dutta-Gupta has concealed and avoided this obligation through the present day. Russell Spencer concealed and avoided this obligation through the date when he began cooperating with the United States in or about 2010.

Reporting the Fraudulent & Illegal Transactions

54. During 2005, Relators became increasingly concerned about the legalities of Paramount's practices. They saw that, although the company did no work for C&S, C&S kept sending and Paramount kept collecting \$22,000 per month anyway. They learned about ASFT's arrangements with Ralph M. Mariano, Mr. Dutta-Gupta's secretive weekly meetings with Ralph Mariano, the apparent use of Navy money to fund Paramount, and Wilson's methods of obtaining government contracts. Then, in October 2005, Ms. Vasudeva observed Wilson taking extraordinary measures to conceal certain Paramount transactions from Ms. Vasudeva. Wilson insisted on doing the reconciling of certain vendor invoices and government receiving reports at home, and she directed Ms. Vasudeva to make accounting entries in Paramount's books based on the supposed reconciliation. Ms. Vasudeva refused to do so. On October 24, 2005, this led to a serious disagreement between Ms. Vasudeva and Wilson over Wilson's secrecy in conducting Paramount's business. A few days later, Ms. Vasudeva told Anjan Dutta-Gupta that she no longer wanted to receive any of the C&S money, as by then it had become amply clear to her that Paramount would not be doing any of the work described in the SOW. Mr. Dutta-Gupta immediately ordered three ASFT employees to remove all of Paramount's books and records from Ms. Vasudeva's basement and bring them to ASFT. After this point, Anjan, Amrita and Dr. Dutta-Gupta, and Ms. Wilson, did everything possible to isolate Ms. Vasudeva from Paramount matters. Ms. Vasudeva realized that she would have to resign her position and report the problems with Paramount.

55. On December 27, 2006, Relator Dr. Karan Vasudeva called the General Counsel of the SBA in Washington, DC., Mr. Javdan, to report the improprieties described herein. After

being put through to the General Counsel, Dr. Vasudeva told him briefly about her situation. Mr. Javdan recommended that the Vasudevas retain an attorney prior to disclosing any further details of the matter.

56. Ms. Vasudeva resigned from Paramount Solutions on January 9, 2006.

57. On January 19, 2006, at 11:00 a.m., without the assistance of counsel, Ms. Vasudeva met with Brian Murden, the SBA Georgia District Office Business Development Specialist assigned to Paramount Solutions. Ms. Vasudeva had set up this meeting on January 10, 2006, the day after her resignation. At the meeting, which took place at the SBA office at 233 Peachtree Street in Atlanta, Ms. Vasudeva informed Mr. Murden that she had resigned from Paramount, as she was uncomfortable with the deceptions and other wrongdoing by her partners and Anjan Dutta-Gupta. She gave Mr. Murden a copy of her resignation letter and requested that it be put in the Paramount file. She told Mr. Murden that Paramount had a questionable relationship with ASFT, and that Paramount was really a satellite of ASFT.

58. Through counsel, during the week of May 15, 2006, Ms. Vasudeva reported the material information set forth above to the Defense Criminal Investigative Service and the Office of U.S. Attorney for the Northern District of Georgia.

COUNT I

(Federal False Claims Act - 31 U.S.C. § 3729(a)(1) (pre-May 20, 2009))

59. This is a civil action by Plaintiffs Rekha and Karan Vasudeva, acting on behalf of and in the name of the United States, against Defendants.

60. Plaintiffs reallege and incorporate by reference paragraphs 1 through 58 as though fully set forth herein.

61. The Defendants have knowingly submitted false or fraudulent claims for payment, or caused false or fraudulent claims for payment to be submitted, to officials of the United States Government, in violation of 31 U.S.C. § 3729(a)(1).

62. Because of the Defendants' conduct set forth in this Count, the United States has suffered actual damages.

COUNT II

(Federal False Claims Act - 31 U.S.C. § 3729(a)(2)(pre-May 20, 2009))

63. This is a civil action by Plaintiffs Rekha and Karan Vasudeva, acting on behalf of and in the name of the United States, against Defendants.

64. Plaintiff realleges and incorporates by reference paragraphs 1 through 58 as though fully set forth herein.

65. The Defendants have knowingly made or used, or caused to be made or used, false records or statements to get false or fraudulent claims paid or approved by officials of the United States Government, in violation of 31 U.S.C. § 3729(a)(2).

66. Because of the Defendants' conduct set forth in this Count, the United States has suffered actual damages.

COUNT III

(Federal False Claims Act - 31 U.S.C. § 3729(a)(3)(pre-May 20, 2009))

67. This is a civil action by Plaintiffs Rekha and Karan Vasudeva, acting on behalf of and in the name of the United States, against Defendants.

68. Plaintiff realleges and incorporates by reference paragraphs 1 through 58 as though fully set forth herein.

69. The Defendants have conspired among themselves and/or with others to defraud the Government by getting false or fraudulent claims allowed or paid, in violation of 31 U.S.C. § 3729(a)(3).

70. Because of the Defendants' conduct set forth in this Count, the United States has suffered actual damages.

COUNT IV

(Federal False Claims Act - 31 U.S.C. § 3729(a)(7)(pre-May 20, 2009))

71. This is a civil action by Plaintiffs Rekha and Karan Vasudeva, acting on behalf of and in the name of the United States, against Defendants Spencer and Amrita Dutta-Gupta.

72. Plaintiffs reallege and incorporate by reference paragraphs 1 through 58 as though fully set forth herein.

73. Defendants Spencer and Amrita Dutta-Gupta knowingly have made or used, or caused the making or using of false statements to avoid an obligation to return funds to the United States, in violation of 31 U.S.C. § 3729(a)(7).

74. Because of the Defendants' conduct set forth in this Count, the United States has suffered actual damages.

COUNT V

(Federal False Claims Act - 31 U.S.C. § 3729(a)(1)(G) (as amended May 20, 2009))

75. This is a civil action by Plaintiffs Rekha and Karan Vasudeva, acting on behalf of and in the name of the United States, against Defendants Spencer and Amrita Dutta-Gupta.

76. Plaintiffs reallege and incorporate by reference paragraphs 1 through 58 as though fully set forth herein.

77. Defendants Spencer and Amrita Dutta-Gupta knowingly have concealed and improperly avoided obligations to return funds to the United States, or caused another to conceal and improperly avoid obligations to return funds to the United States, in violation of 31 U.S.C. § 3729(a)(1)(G).

78. Because of the Defendants' conduct set forth in this Count, the United States has suffered actual damages.

PRAYER FOR RELIEF

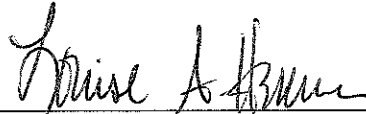
WHEREFORE, Plaintiffs Rekha and Karan Vasudeva pray for the following relief:

1. On Counts I, II, III, and IV, judgment for the United States against each of the Defendants, jointly and severally, in an amount equal to three times the damages the United States Government has sustained because of the Defendants' actions, plus a civil penalty of \$11,000 for each violation of 31 U.S.C. § 3729;
2. On Counts I, II, III, and IV, an award to the Relators of the maximum allowed under 31 U.S.C. § 3730(d);
3. Against all Defendants, attorneys' fees, expenses, and costs of suit herein incurred; and
4. Such other and further relief as the Court deems just and proper.

DEMAND FOR JURY TRIAL

Plaintiffs hereby demand that this matter be tried before a jury.

Respectfully submitted,



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