

FINANCIAL INSTRUMENT AND)
 INVESTMENT CORP. d/b/a AMERICAN)
 INTERNATIONAL SERVICES,)
 1900 Campus Drive #340)
 Reston, Virginia 20191,)
)
 SUPERIOR HEAVY EQUIPMENT)
 TRADING COMPANY)
 Aqaba and Amman, Jordan and)
 Baghdad, Iraq)
)
 KNOWLOGY CORPORATION)
 1934 Old Gallows Rd., 2nd Floor)
 Vienna, Virginia 22182,)
)
 AND)
)
 ERINYS HOLDINGS, LTD f/k/a)
 ERINYS INTERNATIONAL, LTD)
 Limassol, Cyprus)
)
 Defendants.)
)

PLAINTIFFS' ORIGINAL COMPLAINT

Relators [REDACTED] bring this action on behalf of the United States of America, pursuant to 31 U.S.C. §§ 3729, *et seq.* (the "False Claims Act"), to recover all damages, penalties, and other appropriate remedies from Defendants, as a result of Defendants violations of the False Claims Act.

JURISDICTION AND VENUE

1. This is an action for civil penalties, damages, and other appropriate relief arising under the laws of the United States, specifically the False Claims Act, 31 U.S.C. §§ 3729 *et seq.* This Court has jurisdiction of this action pursuant to 28 U.S.C. § 1331 and 31 U.S.C. § 3732(a).
2. Venue is proper in this District pursuant to 31 U.S.C. § 3732(a) and 28 U.S.C. § 1391 because one or more of the Defendants transacts business in this District.

PARTIES

3. Defendants, identified and described more thoroughly below, are all entities involved in contracting with the United States government, either directly or as subcontractors, in the ongoing reconstruction of Iraq and Afghanistan.

4. Relator [REDACTED] is a citizen of the United States and is currently a resident [REDACTED] brings this action on behalf of [REDACTED] and the United States of America, pursuant to 31 U.S.C. § 3730(b). [REDACTED] is a former employee of Defendant Nour USA, Ltd. and, through that employment, also did work for Nour's alter ego Anham. Through [REDACTED] work for those Defendants in [REDACTED] [REDACTED] gained direct and independent knowledge that Defendants were violating the False Claims Act and committing fraud against the United States government.

5. Relator [REDACTED] is a citizen of the United States and a resident of [REDACTED] brings this action on behalf of [REDACTED] and the United States of America, pursuant to 31 U.S.C. § 3730(b). [REDACTED] is a former employee of Defendant Anham USA, Inc. Through [REDACTED] employment with Anham [REDACTED] gained direct and independent knowledge that Defendants were violating the False Claims Act and committing fraud against the United States government.

6. [REDACTED] (collectively the "Relators") reported Defendants' improper activities to the Special Investigator General for Iraq Reconstruction ("SIGIR"), which is the agency of the United States government charged with overseeing the use and misuse of the Iraq Relief and Reconstruction Funds and all obligations, expenditures, and revenues associated with reconstruction and rehabilitation activities in Iraq. Upon information and belief, SIGIR initiated a broad-based investigation into Defendants' activities in Iraq and Afghanistan after meeting with [REDACTED]. That investigation confirmed the Relators' disclosures and

uncovered a pervasive system of fraud, including violations of the False Claims Act, by Defendants against the United States government. [REDACTED] are original sources, within the meaning of 31 U.S.C. § 3730(e)(4), of the information on which the allegations contained in this Complaint and their Disclosure Statement are based.

7. Defendants Anham FZCO, Anham L.L.C, and Anham USA, Inc. (hereafter collectively referred to as "Anham") are, upon information and belief, separately incorporated entities which comprise one global conglomerate established for the purpose of contracting with the United States for the reconstruction of Iraq and Afghanistan. Anham FZCO reports its headquarters as Dubai Airport Free Zone, East Wing, Building 4A, Suite No. 608, Dubai, United Arab Emirates. The registered office and principal place of business for Anham L.L.C. and Anham USA, Inc. is 8075 Leesburg Pike, Suite 760, Vienna, Virginia 22182, and Anham's registered agent at that address is David N. Braus ("Braus"). Anham, both directly and through agents, continuously and systematically transacts business in the District of Columbia, among other places.

8. Defendant Nour USA, Ltd. ("Nour") is an entity incorporated in the Commonwealth of Virginia. Nour's registered office and principal place of business is also located at 8075 Leesburg Pike, Vienna, Suite 760, Virginia 22182, and Nour's registered agent at that address is Braus. Upon information and belief, Nour, either directly or through agents, transacts business in the District of Columbia, among other places.

9. Defendant Unitrans International, Inc. ("Unitrans") is an entity incorporated in the Commonwealth of Virginia. Unitrans' registered office is located at 1900 Campus Drive #340, Reston, Virginia 20191, and Unitrans' registered agent at that address is Braus. Defendant Unitrans is a multimodal transportation and logistics company, and was selected by Anham as a

subcontractor to provide ocean carriage and freight transportation services, as well as convoy security, on various contracts. Upon information and belief, Unitrans, either directly or through agents, transacts business in the District of Columbia, among other places.

10. Defendant Financial Instrument and Investment Corp. is an entity incorporated in the Commonwealth of Virginia which does business under the name American International Services (hereinafter collectively referred to as "AIS"), among others. AIS's registered office is located at 1900 Campus Drive #340, Reston, Virginia 20191, and its registered agent at that address is Braus. Defendant AIS is a company that provides professional procurement, construction management services, logistics and transport services that include expediting, inland transportation, consolidation, staging, packing, documentation, sea and air transportation, arrival coordination and delivery to site. AIS was selected by Anham as a subcontractor to provide these services on various contracts. Upon information and belief, AIS, either directly or through agents, transacts business in the District of Columbia, among other places.

11. Defendant Knowlogy Corporation ("Knowlogy") is an entity incorporated in the State of Delaware, with its principal place of business at 1934 Old Gallows Rd., 2nd Floor, Vienna, Virginia, 22182. Knowlogy's registered agent is Braus, with an address of 9036 Jackson Lane, Great Falls, Virginia, 22066 listed as the address for service of process. Defendant Knowlogy is a developer and value added reseller of electronic communications and information systems. Knowlogy was selected by Anham as a subcontractor to provide all computer and communications hardware, software, development and training on various contracts. Upon information and belief, Knowlogy, either directly or through agents, transacts business in the District of Columbia, among other places.

12. Defendant Pioneer Iraqi General Trading Company ("Pioneer") is an entity based in Baghdad, Iraq. Defendant Pioneer is a company that provides labor, supplies, and transportation to locations across Iraq, and was selected by Anham as a subcontractor on various contracts. Upon information and belief, Pioneer, either directly or through agents, transacts business in the District of Columbia, among other places.

13. Defendant Superior Heavy Equipment Trading Company ("Superior") is an entity based in Aqaba and Amman, Jordan, and Baghdad, Iraq. Defendant Superior is a supplier of automobile parts and equipment, and was selected by Anham as a subcontractor to supply vehicle parts and equipment on various contracts. Upon information and belief, Superior, either directly or through agents, transacts business in the District of Columbia, among other places.

14. Defendant Erinys Holdings, LTD f/k/a Erinys International, LTD., is headquartered in Limasol, Cyprus, and has a regional office in the Baghdad International Airport FTZ, Baghdad, Iraq, where it does business as Erinys Iraq, LTD. Defendant Erinys is a security services company that was selected by Anham as a subcontractor to provide private security services on various contracts. Upon information and belief, Erinys, either directly or through agents, transacts business in the District of Columbia, among other places.

BACKGROUND

15. From 2004 to the present, Defendant Anham has served as a prime contractor and/or in-country subcontractor on numerous contracts with the United States government for activities involving the provisioning and reconstruction of Iraq and Afghanistan.

16. As discussed above, and in more detail below, Defendants Unitrans, AIS, Knowlogy, Pioneer, Superior, and Erinys, served as subcontractors to Anham on various contracts.

17. Pursuant to these contracts, the United States government paid Defendants, either directly as prime contractors or indirectly as subcontractors, for products and services that were intended to mutually benefit the United States and the Republic of Iraq.

18. The United States government contracted with Anham for, among other things, construction, operations, maintenance of warehouses, the warehousing and distribution of equipment and supplies, the procurement and delivery of heavy trucks and other equipment, the maintenance and repair of motor vehicles, and the inspection, repair, the painting of High-Mobility Multipurpose Wheeled Vehicles, commonly referred to as "Humvees", and the supply of computer hardware, software, and services to support information systems. The United States government paid for all of these goods and services to provide supplies to and train the new Iraqi Security Forces, including the newly formed Iraqi Army.

19. Upon information and belief, Anham now performs a similar role and provides similar goods and services in Afghanistan. The United States government pays for all of these goods and services to support its military and diplomatic efforts in Afghanistan, and to help Afghanistan as it attempts to rebuild and establish a new government.

20. Relators' employment required their involvement in and gave them knowledge of Defendants' business practices on numerous contracts with the United States government, including a \$220 million contract to supply military equipment, including trucks and other vehicles, to the new Iraqi Army (the "Battalion Sets Contract"), a \$300 million contract to operate and maintain a distribution center warehouse and staging facilities at Abu Ghraib and Umm Qasr (the "Supply Chain Management Contract"), a \$350 million contract for the establishment and operation of a national logistics depot in Taji, Iraq, (the "Taji National Depot" contract), a \$16 million dollar contract to operate and maintain a National Criminal Intelligence

System (the "MEMEX" contract), a \$151 million dollar contract for the maintenance and repair of all wheeled vehicles owned by the Iraqi Government (the "National Maintenance Contract" or "NMC"), and a \$683 million dollar contract for the development of a maintenance, parts supply and repair system, and training program for the Iraqi Army and its military vehicles (the "Global Maintenance and Supply Services' Contract" or "GMASS" contract). Upon information and belief, Defendants' business practices at issue in this action extend to all contracts that Defendants had with the United States government.

VIOLATIONS OF THE FALSE CLAIMS ACT

A. Anham Subcontracted with Undisclosed Affiliate Companies.

21. FAR 2.101 states that "affiliates" "means associated business concerns or individuals if, directly or indirectly—(1) Either one controls or can control the other; or (2) A third party controls or can control both."

22. As Relators disclosed to SIGIR investigators, Anham subcontracted with numerous undisclosed affiliated companies.

23. As discussed in more detail below, at all relevant times, the relationships between Anham and Nour, and the Defendant subcontractors, Unitrans, AIS, Knowlogy, Pioneer, and Erinys, satisfied the FAR 2.101 definition for "affiliates."

24. Anham had, and continues to have, an affirmative duty to inform the United States government whenever it proposed to contract with an affiliated company on a government contract. Although Anham subcontracted with its affiliates on numerous contracts to be performed in Iraq and Afghanistan, Anham never informed the United States government of its intention to do so.

25. Rather, Anham actively concealed its affiliation with its subcontractors. When United States government contracting officials asked Anham to identify any organizational relationships with subsidiaries or affiliated companies during the purchasing system review, Anham failed to disclose its relationship with any of its affiliated subcontractors, including Defendants Unitrans, AIS, Knowlogy, Pioneer, Superior, and Brinys.

26. Further, when asked directly by SIGIR investigators about its affiliations with its subcontractors, Anham admitted its affiliation with Superior, but falsely denied any affiliation with any other subcontractor Defendant.

27. Defendants Anham and Nour acted, and continue to act, as alter-egos. They share the same owners and employees. Nour's main operations currently consist of the management of Defendant Anham. Nour's website redirects visitors to the Anham USA, Inc. website.

28. Through their common ownership and common employees, Anham and Nour are affiliates of Defendants Unitrans, AIS, Knowlogy, Pioneer, Superior, and Erinys.

29. The Nour/Anham entities are wholly owned, operated, and controlled by three parent companies: HII Finance Corporation ("HII Finance"), GMS Holdings (a principal founder of Munir Sukhtian International ("MSI")), and Arab Supply and Trading Company ("ASTRA"). Nour's and Anham's Annual Reports filed with the Commonwealth of Virginia both list A. Huda Farouki ("Farouki") as President, Braus as Secretary and Treasurer, and Mughith Sukhtian and his father, Ghiath Sukhtian, as directors. Mughith Sukhtian's official title at Anham is Managing Director. Braus is also frequently described as Anham's Deputy Managing Director and General Counsel.

30. GMS Holdings is a private company founded by Ghiath Sukhtian, and located in Amman, Jordan.

31. MSI represents the joint venture among Munir Sukhtian's sons: Nidal M. Sukhtian, Ghiath M. Sukhtian, and Munjed M. Sukhtian. MSI is the holding company for all of its shareholders' joint international businesses outside Jordan and Palestine. Ghiath Sukhtian is the Chairman and CEO of MSI. The company operates as a diversified holding company, with subsidiaries operating in the sectors of: telecommunications contracting and operating and information technology; pharmaceuticals manufacturing, marketing and distribution; agricultural inputs manufacturing and distribution; and contract management.

32. GMS Holdings and MSI are located in Jordan, and wholly owned, operated, and controlled by the Sukhtian family, including Anham's Managing Director, Mughith Sukhtian.

33. HII Finance is a Virginia corporation founded by Anham's Chief Executive Officer, Farouki, Braus, and Samia Farouki. The company is principally managed by Farouki, who serves as the CEO, Braus, and Samia Farouki. Braus holds the title of Managing Director. Additionally, other individuals who have held or hold management positions at Anham/Nour also have held or hold management positions at HII Finance, including Carol Goodman, Beau Lendman and others. Its principal office is located at 8075 Leesburg Pike, Suite 760, Vienna, Virginia 22182, which is also Anham and Nour's address, as well as the address for all three companies' registered agent, Braus.

34. In addition to its interest in Anham/Nour, HII Finance and/or the Farouki family also own the controlling interests in Defendants Unitrans, AIS, and Knowlogy.

35. ASTRA is a Saudi Arabian company that is partially owned by GMS.

36. In addition to their ownership and control of Anham/Nour, Mughith Sukhtian and the GMS Holdings/MSI family group also own the controlling interest in Pioneer and Superior.

Anham's Deputy Managing Director for Iraq, Dr. Sarmed Nima, also has an ownership interest in Pioneer and Superior.

37. While maintaining an ownership interest in and serving as Managing Director of Defendant Anham, Mughith Sukhtian and the GMS Holding/MSI family group also had a majority ownership interest in Erinys.

38. In addition, Defendants Anham/Nour had common management with Defendants Unitrans, AIS, Knowlogy, Pioneer, and Superior. For example, while serving as CEO of Anham, Farouki also served as President of Nour, Chairman of Unitrans, CEO of AIS and HII Finance, and Managing Director of Superior and Knowlogy. While serving as Nour/Anham's Secretary, Treasurer, Deputy Managing Director, and General Counsel, Braus also served as Secretary and Director of Knowlogy, and Managing Director at HII Finance. Braus also served as registered agent for Anham, Nour, Unitrans, AIS, and Knowlogy.

39. Other executives and officers of Anham also held undisclosed high level positions in the affiliated companies to which it awarded subcontracts.

40. Anham's Director of Contract Operations, Beau Lendman also served in operations, procurement and logistics management for the affiliated subcontractors.

41. Anham's Comptroller, Carol Goodman also served in a financial oversight capacity for all of the affiliated subcontractors.

42. Anham's organizational charts indicate that Hassan Judah, President of Knowlogy, is Anham's head of "US IT Systems".

43. Anham's Deputy Director of Iraqi Operations, Bilal Mohammed, also served as a senior executive of Pioneer.

44. Numerous Anham employees, including Mike Hoover, Yaser Chanaa, and Bilal Abardeneh, also worked for Knowlogy.

45. Anham and Nour are located at the same address in Virginia.

46. Unitrans and AIS are located at the same address in Virginia.

47. Several of these Defendants' Middle Eastern offices were physically located in the same office building in Amman, Jordan. Inside these offices, the employees of these companies freely collaborated and interacted with one and other without regard to organizational boundaries.

B. Anham Colluded with its Undisclosed Affiliate Companies to Defraud the United States Government.

48. Anham developed and employed a scheme to defraud the United States government by using affiliates Nour, Unitrans, AIS, Knowlogy, Pioneer, Superior, and Erinys as subcontractors on its government contracts.

49. This scheme was directly implemented by Anham's owners, officers, and employees including Farouki, who is Anham's CEO, Mughith Sukhtian, who is Anham's Managing Director, Braus, who is Anham's General Counsel, Beau Lendman, who is Anham's Director of Contract Operations, and Bilal Mohammed, who is Anham's Deputy Director of Iraqi Operations and a senior executive of Pioneer. As noted above, many of these individuals also were officers, directors, and management for the other companies involved in the scheme.

50. Anham directed its employees to implement the scheme by working with its affiliated companies to ensure that the affiliated companies received awards for subcontracts, and ultimately to enable it to submit and to receive payment for false claims. It did so by:

a) awarding contracts to its affiliates even when outside, unaffiliated companies were more qualified and had submitted competitive and lower bids;

b) awarding contracts to affiliates without requiring competitive bidding by characterizing the work or products as "add-ons" to previously bid proposals.

c) sharing insider information with its affiliated subcontractors, both about the contracts and other companies' bids, that allowed the affiliates to receive what appeared to be legitimate awards; and

d) "bid rigging" its proposals and solicitations by bundling unrelated items and creating burdensome requirements in ways that only its affiliates could submit comprehensive bids;

51. Defendants profited from this scheme by using Anham's affiliates as Anham's subcontractors on cost-plus, indefinite-delivery and/or indefinite-quantity ("ID/IQ") contracts. Anham provided no legitimate oversight on its affiliated contractors, which allowed them to submit fraudulent invoices which charged inflated and unreasonable costs. The subcontractors did so with the knowledge that the improper invoices would eventually be charged to the United States government.

52. Further, the use of this scheme shielded the actual costs of goods and services from United States contracting officials.

53. Defendant Anham passed along these invoices to the United States government and prime contractors with the knowledge that they were fraudulent. Further, Anham "stacked" its own contractually allowed profit on top of the inflated subcontractor invoices, compounding the improper profits the owners and officers of Anham had already gained from their interests in the affiliated subcontractors.

54. Additionally, the goods and services purchased through Anham's subcontractors could have, and should have, been sourced directly by Anham without any subcontractor-level profit charged to the United States.

55. In short, the failure to disclose their affiliate status was material and it allowed Defendants to knowingly submit false claims for payment, overcharge the United States government, and realize profits to which they were not entitled.

56. For example, Anham selected Unitrans, Pioneer and Superior as subcontractors for the Battalion Sets contract based on their affiliate status. In that contract, Unitrans supplied the transportation and delivery of the battalion set trucks, Pioneer supplied the local labor and security, and Superior supplied the parts and equipment. Anham used these undisclosed affiliate companies despite the availability of preferred and financially competitive alternative companies. Further, Anham unlawfully tacked on an additional profit markup for the work performed by its undisclosed affiliates and submitted these invoices to the United States government.

57. Anham selected Nour, Unitrans, AIS, Knowlogy, Pioneer, Superior, and Erinys as subcontractors for the Supply Chain Management contract based on their affiliate status. In that contract, Anham used these undisclosed affiliate companies despite the availability of preferred and financially competitive alternative companies. In addition, Anham and its undisclosed affiliates manipulated the bidding and invoiced the United States government for services and materials at far greater than market rates. Further, Anham unlawfully tacked on an additional profit markup for the work performed by its undisclosed affiliates and submitted these invoices to the United States government.

58. As a first tier subcontractor to AECOM for the Taji National Depot, NMC, and GMASS contracts, Anham contracted with Superior, AIS, Pioneer, and Knowlogy, and Erinys based on their affiliate status. For these contracts, Anham used AIS and Unitrans for freight forwarding of materials from vendor sites to Iraq, Knowlogy for software development, Pioneer for labor, Superior for parts, and Erinys for security. Anham's undisclosed affiliates invoiced Anham for these services at far greater than market rates with the knowledge that these inflated charges would be passed along to the United States government. Furthermore, Anham unlawfully tacked on an additional profit markup for the work performed by its undisclosed affiliates and submitted these invoices to the United States government.

59. Anham selected Knowlogy as its subcontractor for computer hardware [REDACTED]

[REDACTED]

[REDACTED]

Knowlogy invoiced Anham [REDACTED] at far greater than market rates with the knowledge that these inflated charges would be passed along to the United States government.

60. In addition, upon information and belief, Anham and Kowlogy received a license fee discount [REDACTED] but failed to disclose or pass on this discount to the United States government for contracts in Iraq and Afghanistan. As a result, upon information and belief, the United States government was charged the full amount of the licensing fee and Knowlogy pocketed the discount. Further, Anham unlawfully tacked on an additional profit markup for the work performed by its undisclosed affiliate, Knowlogy, and submitted these invoices to the United States government.

61. Anham selected Erinys as its private security subcontractor on numerous Anham contracts based on its affiliate status. Erinys provided site security at various operations sites,

and provided secure armored vehicle transport between sites and to and from the Baghdad airport and Green Zone. Anham used Erinys for these services despite the availability of more financially competitive alternative companies. [REDACTED]

[REDACTED] Erinys invoiced Anham for these services at far greater than market rates with the knowledge that these inflated charges would be passed along to the United States government. Further, Anham unlawfully tacked on an additional profit markup for the work performed by its undisclosed affiliate, Erinys, and submitted these invoices to the United States government.

62. As set forth above, and discussed further below, Anham worked with its undisclosed affiliates to submit false claims on numerous contracts.

63. Upon information and belief, as observed by Relators, Anham has utilized this practice in a pervasive and systematic manner across multiple contracts. Thus, although Relators lack access to information about all of Anham's contracts, upon information and belief, Anham continues to utilize this scheme today and has done so in all of its contracts with the United States government in both Iraq and Afghanistan.

64. Upon information and belief, Anham continues to use unethical and improper procurement practices in Afghanistan on contracts that are similar to the ones discussed above in Iraq. For example, in Afghanistan, as in Iraq, Anham is involved in vehicle maintenance, pursuant to a \$182 million dollar contract; operations and maintenance for various facilities, pursuant to a \$228 million contract; and Anham, along with Knowlogy, continues to supply information technology hardware, software, and services on several contracts.

65. Upon information and belief, the value of Anham's contracts with the United States government exceed \$3.8 billion. This action alleges that, upon information and belief, the practices set forth in this Complaint, which have resulted in violations of the False Claims Act, have been utilized in connection with all of Anham's contracts with the United States government. This action, therefore, encompasses all of Anham's contracts.

C. Anham Ignored Contractual Obligations While Knowingly Submitting False Claims for Full Payment.

66. Anham also failed to provide any legitimate oversight of its affiliated subcontractors' performance, which allowed Anham and its affiliated subcontractors to profit from goods and services that were substandard, in conflict with contractual requirements, or not provided at all.

i. Anham Intentionally Underperformed the Battalion Sets Contract.

67. The Battalion Sets Contract described above was Anham's first Iraqi reconstruction contract following Operation Iraqi Freedom. This contract was originally awarded to Nour, but was rescinded and re-bid following a protest. Although the United States government later learned of the relationship between Anham and Nour, Anham was originally formed by the owners of Nour, in part, to participate in the second bid while escaping scrutiny.

68. The principals of Anham had been involved in reconstruction following Operation Desert Storm, and they knew that the United States would be awarding billions of dollars in future reconstruction contracts. Anham also knew it could become a preferred contractor and subcontractor simply by being in operation on the ground in Iraq. To do so, it needed to obtain an initial contract to provide goods or services in Iraq. Armed with the information obtained during the initial Nour bid process, Anham employed a strategy known as "buying in," whereby Anham underbid the initial "Battalion Sets" contract with the expectation of receiving "follow-

on" contracts at artificially high prices. Notably, this "buying in" strategy employed by Anham is specifically referred to as an Improper Business Practice in Section 3.501-1 of the F.A.R.

69. Among other things, the Battalion Sets Contract required Anham to supply the Iraqi Army with approximately 1,000 Kraz heavy trucks. Anham purchased the vehicles from Kraz, and then contracted with its affiliates, Defendants Unitrans, Pioneer and Superior. Unitrans supplied the transportation and delivery, Pioneer supplied the local labor and security, and Superior supplied the parts and equipment.

70. However, Anham, Unitrans, Pioneer, and Superior intentionally devoted inadequate manpower and resources to the contract, including operation, maintenance, and security.

71. The personnel supplied by Anham and Pioneer were improperly trained on the use of the trucks, were insufficiently supervised, and were supplied with inadequate means of communication, inadequate tools, and insufficient fuel and food rations. The personnel also allowed or committed thefts of parts and fluids from the trucks while the trucks were in transit for their own personal gain.

72. During a significant portion of the delivery effort, Pioneer's drivers and loaders negligently placed the trucks in gear, which caused the transmissions or clutch assemblies to be severely damaged and in need of replacement upon arrival at their destination and before operational use.

73. Because the transport drivers and loaders were not properly trained, they caused significant damaged to the vehicles as they were loaded, transported, and off-loaded.

74. After the lubricants and other fluids were drained from the vehicles by thefts allowed or committed by Pioneer's personnel, the drivers continued to operate the trucks, resulting in significant mechanical damage.

75. The clutches on the Kraz trucks were also damaged by a combination of a product issue and Pioneer's failure to properly train the drivers and technicians in the use of the Kraz transmission.

76. Pioneer executives, who were also Anham executives, were aware of all of the deficiencies [REDACTED]

[REDACTED]

77. On delivery, Anham falsely, and materially, misrepresented to the United States government that the vehicles had been damaged by circumstances beyond its control.

78. The United States accepted delivery of the damaged vehicles subject to the warranties stated and/or implied in the Battalion Sets Contract and Anham's representations that any deficiencies would be cured. These repairs should have been completed at no additional cost to the United States. Yet, as discussed below, when Anham conducted repairs to the Battalion Sets Contract vehicles relating to the above deficiencies, it charged the United States for that work by invoicing the work to other vehicle repair contracts.

79. As delivered, many of the vehicles were inoperable and useless to the newly formed Iraqi Army, resulting in little to no benefit to the United States government. However, Anham still billed the United States government for the Battalion Sets Contract and received payment for goods and services pursuant to that contract.

80. If Anham had not misled the United States by falsely representing (1) that it would fix the vehicles at no cost to the United States, and (2) that the vehicles were damaged by circumstances beyond its control, then the United States would not have paid the invoices submitted.

ii. Anham Intentionally Used Aftermarket and Counterfeit Parts Knowing that OEM Parts Were Required by the Contracts.

81. Anham acted as subcontractor to AECOM for the Taji National Depot, NMC, and GMASS contracts. All of these contracts had task orders for the maintenance, refurbishment, repair and/or conversion of military vehicles for the Iraqi Army, including task orders known as the Iraqi Army Maintenance Program ("IAMP") and the M1114 HMMWV Program. These task orders included the inspection, repair and conversion of over 7,500 Humvee vehicles, which were to be given to the Iraqi Army and Security Forces. It also called for the repowering of over 250 Humvee vehicles, and the maintenance and repair of all other types of vehicles operated by the Iraqi army, including the Kraz trucks supplied under the Battalion Sets contract. The IAMP and M1114 HMMWV task orders under the Taji National Depot, NMC, and GMASS contracts also required Anham to supply a computer database to track repairs and maintenance activity for the subject vehicles, including cost and availability of parts.

82. In performing under these contracts, Anham subcontracted with its affiliate Pioneer to provide Iraqi labor for the maintenance operations and general labor for the contractor base camps. Further, Anham subcontracted with its affiliate Superior to supply the parts, and Unitrans and AIS provided freight forwarding services. In addition, Anham subcontracted with Knowlogy to provide, create, and operate the computer database. Finally, Erinys provided site security for the base camps, work site locations and ground transportation to and from the work sites, including Taji, and Baghdad Airport.

83. Military vehicles, like Humvees, are manufactured to exacting quality and performance standards and specifications. Moreover, the maintenance and repair of these vehicles requires that authorized original equipment manufacturer ("OEM") parts be used to ensure compliance with the military specifications ("MILSPEC"), and to properly maintain the vehicles.

84. The Scope of Work ("SOW") issued for each of these contracts required Anham to use OEM parts or quality rebuilt parts that meet OEM standards to repair and maintain the military vehicles.

85. Defendants Anham, Superior, and Pioneer were aware that genuine OEM parts were only available from authorized sources. For example, they knew that genuine OEM parts for the Humvees could only be purchased from the manufacturer, A.M. General, and its regional distributor Optimum Vehicle Logistics ("OVL").

86. "OEM Parts" are generally defined as Replacement Parts manufactured by the original manufacturer of the subject vehicle or by a licensed authorized subcontractor. In general, after-market parts do not meet "OEM" standards for fit, finish, corrosion protection, construction or safety unless manufactured to the manufacturer's standards. For example, A.M. General takes the position that after-market parts do not meet OEM standards unless manufactured and tested to the exacting standards of A.M. General and the Department of Defense.

87. Defendants Anham, Superior, and Pioneer agreed to ignore the requirement in the contracts to provide OEM parts or quality rebuilt parts that meet OEM standards for the vehicles that they were maintaining and repairing. Instead, Anham, Superior, and Pioneer engaged in subterfuge to inflate their profits by obtaining cheaper counterfeit and/or after-market and non-

OEM parts, passing them off as OEM parts, charging the United States government the higher OEM price, and pocketing the difference between the cost paid and the OEM price charged to the government.

88. In order to effectuate their scheme, Anham sought and received detailed pricing information from the authorized supplier of OEM parts and used that information as a basis for overcharging the United States government.

89. For example, Anham sought and received detailed pricing information from A.M. General and its sole authorized distributor OVL. Anham, in turn, gave this pricing information as the delivery price to AECOM and the United States government. However, Anham, Superior and Pioneer never purchased any OEM parts from A.M. General or OVL. Nor did they obtain or use any quality repair parts that met OEM standards. Instead, Anham, Superior, and Pioneer located sources for lower priced counterfeit and/or after-market non-OEM parts, which they purchased and used for the refit, maintenance, and repair of these vehicles. The non-OEM parts were packaged to appear to be OEM parts.

90. Anham concealed and obscured this misconduct by the way that it implemented the database requirement, which was set forth in the task orders for the Taji National Depot, NMC, and GMASS contracts.

91. The database requirement of the contracts was awarded by Anham to its undisclosed affiliated subcontractor Knowlogy, which named this database WebManage.

92. At Anham's direction, Knowlogy designed the database to shield sourcing and pricing information for parts. It did so by assigning unique part reference numbers (referred to as Anham numbers) that had no correlation to industry, NATO, or U.S. military National Stock Numbers (NSNs) standard part numbers. In effect, this prevented auditors from comparing the

cost of items. It also precluded the Iraqi Security Forces from being able to directly contract for replacement parts with other companies besides Anham without considerable research efforts after the management system was transitioned from the contractor to the Iraqis.

93. Anham and Knowlogy created the database in this manner to enable Anham to submit false claims and have them paid.

94. In addition, Defendants Anham, Knowlogy, Superior, and Pioneer concealed the use of counterfeit and non-OEM parts by combining the invoices for the procurement of parts and repairs in a manner that made it impossible for the government track the work performed and correlate it with the vehicles repaired.

95. Having obtained lower priced, non-conforming parts, and having manipulated the manner in which it was invoiced to hide the nature and pricing of the parts, Anham knowingly and improperly invoiced AECOM and the United States government for the full OEM price of these parts. These invoices were paid. Therefore, Anham's material misrepresentations allowed it to realize larger profits at the expense of the United States government.

iii. Anham Billed the United States Government for Other Non-Conforming Parts.

96. In addition to supplying non-conforming parts to maximize its own profit and the profit of its affiliated companies, Anham delivered incorrect and/or defective parts to the United States government. Anham then charged these unusable parts to the various task orders under the Taji National Depot, NMC, and GMASS contracts. For example, Anham and Superior ordered hundreds of tires that were rotten as a result of defective manufacturing or improper storage. Knowing that the tires were unusable, Anham delivered the tires to the Iraqi Army and charged the United States government for them under the NMC and/or GMASS contracts.

iv. Anham Fraudulently Billed Warranty Work to Other Contracts.

97. As previously stated, Anham agreed to perform all warranty work required by the Battalion Sets Contract at its own cost. Anham failed to do so.

98. Instead, Anham and its affiliated subcontractors (Defendants Superior, and Pioneer) improperly billed the warranty work to the United States government, choosing to treat such vehicle repair work as if it was part of the various task orders under the Taji National Depot, NMC, and GMASS contracts. Anham did so with knowledge that the invoices were fraudulent.

99. In order to prevent the United States government from discovering their scheme to charge warranty work to the government, Defendants Anham, Superior, and Pioneer combined the invoices for the procurement of parts and repairs in a manner that made it impossible for the government to track the work performed and to correlate it with the vehicles repaired.

100. The United States government paid these improper invoices. Upon information and belief, the United States would not have paid these invoices if it had known that the invoices included amounts for work that should have been performed under Anham's warranty obligations.

D. Anham Intentionally and Knowingly Misrepresented Its Past Performance to Obtain Additional Contracts.

101. Upon information and belief, in subsequent bid proposals, Anham misrepresented that it fully complied with its obligations and responsibilities under its current and past contracts, and specifically misrepresented that it successfully performed all warranty work on vehicles.

102. Paragraph 101 is pled on information and belief, because the bid proposals are unavailable to Relators, and are in the possession of Defendants and the United States government. Relators have previously seen bid proposals falsely representing that Anham had

successfully performed earlier contracts with the United States government, and specifically setting forth the above misrepresentation about successfully performing all warranty work on vehicles.

103. These false statements about the quality of Anham's performance on previous contracts with the United States government were material misrepresentations that were relied on by the United States government and which induced the United States government and other parties, including AECOM, to enter into contracts with Anham that they would not have otherwise entered into.

104. Upon information and belief, these contracts include contracts for goods and services in both Iraq and Afghanistan.

105. As a result of Anham's misrepresentations, it has fraudulently obtained billions of dollars in additional contracts, and all claims submitted pursuant to them are improper.

106. If not for Anham's material misrepresentations, it would not have obtained the contracts, and ultimately payment on invoices submitted to the United States government pursuant to those contracts.

COUNT I
False Claims Act Violations - 31 U.S.C. § 3729(a)(1)(A)

107. Relators re-allege and hereby incorporate by reference the allegations made in paragraphs 1 through 106 of this Complaint.

108. As set forth in the preceding paragraphs, Defendants knowingly presented or knowingly caused their agents and/or employees to present to the United States government false or fraudulent claims for payment or approval, in violation of 31 U.S.C. § 3729(a).

109. False claims presented to the United States government included the following:

(a) invoices for repair work submitted by Defendants under the Taji National Depot, GMASS, and NMC contracts for repairs that were required to be made as warranty claims at no cost to the government;

(b) invoices submitted by Anham for goods and services provided by its affiliated subcontractors and Co-Defendants, Unitrans, AIS, Knowlogy, Pioneer, Superior, and Erinys, under which Defendants colluded in violation of the contracts' Anti-Kickback Clause (incorporated into the various contracts under FAR 52.2.203-7);

(c) invoices submitted by Anham for goods and services provided by its affiliated subcontractors and Co-Defendants, Unitrans, Superior, Pioneer, AIS, Erinys, and Knowlogy, under which Defendants colluded in violation of the Certificate of Independent Price Determination Clause (incorporated into the various contracts under FAR 52.203-2);

(d) invoices submitted for parts and repairs where the contract required the use of OEM parts and/or quality rebuilt parts that meet OEM standards, where Defendants Anham, Superior and Pioneer supplied parts that did not meet the contractual requirements instead;

(e) invoices submitted for defective goods, such as rotten tires, that were improperly billed to contracts;

(f) invoices submitted by Knowlogy and Anham [REDACTED] that were inflated and improper, including Anham's and Knowlogy's failure to disclose or pass on to the United States government licensing fee discounts [REDACTED] in violation of the FAR's "Contract Terms and Conditions," (which is, upon information and belief, incorporated into the [REDACTED] contract under FAR 52.212-4), which requires rebates, refunds or discounts received by the contractor to be passed on to the United States government;

(g) invoices submitted by Anham for materials, goods and services supplied by Anham's undisclosed affiliated subcontractors and Co-Defendants, Unitrans, AIS, Knowlogy, Pioneer, Superior, and Erinys, which included fees that were improper under FAR 31.205-26(e).

(h) invoices submitted by Anham for materials, goods and services supplied by Anham's undisclosed affiliated subcontractors and Co-Defendants, Unitrans, AIS, Knowlogy, Pioneer, Superior and Erinys, which included fraudulently inflated costs of goods and services, charges for goods and services that were improperly, or in some cases never, provided, and fraudulent stacking of profit on top of those fraudulent charges; and

(i) upon information and belief, invoices submitted pursuant to numerous additional contracts in Iraq and Afghanistan where Anham and its affiliates materially failed to comply with the contracts, and legal requirements governing their obligations to the United States government.

110. The acts referenced above constitute common law fraud against the United States Government, which is a false claim subject to the False Claims Act.

111. By virtue of the false or fraudulent claims that Defendant presented or caused to be presented, the United States government has suffered substantial monetary damages. While these damages cannot be precisely calculated by the Relators at this time, damages are believed to be in the hundreds of millions, if not billions, of dollars.

COUNT II
False Claims Act Violations - 31 U.S.C. § 3729(a)(1)(B)

112. Relators re-allege and hereby incorporate by reference each and every allegation contained in paragraphs 1 through 111 of this Complaint.

113. As set forth in the preceding paragraphs, Defendants, by and through their officers, agents, and employees, knowingly made, used, or caused to be made or used, a false record or statement material to a false or fraudulent claim, in violation of 31 U.S.C. § 3729(a).

114. The false records or statements made and used by Defendants included the following:

(a) statements made by Anham to the United States government contracting officials misrepresenting that damage done to vehicles supplied under the Battalion Sets Contract was beyond its control;

(b) false records and/or statements made by Anham, Superior, and/or Pioneer representing that non-OEM parts and/or parts that did not qualify as quality rebuilt parts that meet OEM standards met the contractual requirements;

(c) false records and/or statements made by Anham that defective parts, such as rotten tires, were properly supplied parts to get its invoices with respect to such parts paid;

(d) false statements about Defendants' relationships with each other to allow Defendants to subcontract with affiliated companies and realize higher and improper profits;

(e) false records and/or statements made by Anham to obscure the fact that warranty work was being improperly billed to other vehicle maintenance contracts; and

(f) written statements made by Anham to the United States government in bid proposals describing past performance and misrepresenting that it fully complied with its obligations and responsibilities under its current and past contracts, and specifically misrepresenting that it successfully performed all warranty work on vehicles.

115. The acts referenced above constitute common law fraud against the United States government, which is a false claim subject to the False Claims Act.

116. By virtue of the false records or statements Defendants made, used, or caused to be made or used, the United States government has suffered substantial monetary damages. While these damages cannot be precisely calculated by the Relators at this time, damages are believed to be in the hundreds of millions, if not billions, of dollars.

COUNT III
False Claims Act Violations - 31 U.S.C. § 3729(a)(1)(D)

117. Relators re-allege and hereby incorporate by reference each and every allegation contained in paragraphs 1 through 116 of this Complaint.

118. As set forth in the preceding paragraphs, Defendants knowingly made, used, or caused to be made or used, a false record or statement material to an obligation to pay or transmit money or property to the United States government, and/or knowingly concealed, and/or knowingly and improperly avoided or decreased an obligation to pay or transmit money or property to the United States government, in violation of 31 U.S.C. § 3729(a).

119. The false records or statements made and used by Defendants to avoid obligations to pay or transmit money or property to the government included the following:

(a) statements made by Anham to the United States government contracting officials misrepresenting that damage done to vehicles supplied under the Battalion Sets Contract was beyond its control, when in fact Anham was aware that the damage was largely due to its failure to provide adequate security and trained personnel;

(b) false records and/or statements by Anham that warranty work was repair work pursuant to other vehicle repair contracts to avoid supplying such work, including repair parts, at no cost to the United States government;

(c) false records and/or statements by Anham, Superior, and/or Pioneer that non-OEM parts and/or parts that did not qualify as quality rebuilt parts that meet OEM standards met

the contractual requirements to avoid having to supply the higher cost parts, while at the same time fraudulently charging for the parts as if they were the higher priced contractually required parts to maximize potential profits; and

(d) false records and/or statements by Anham to enable it to bill for defective parts, like rotten tires, that were billed to contracts.

120. The acts referenced above constitute common law fraud against the United States Government, which is a false claim subject to the False Claims Act.

121. By virtue of the false records or statements Defendants made, used, or caused to be made or used, the United States government has suffered substantial monetary damages. While these damages cannot be precisely calculated by the Relators at this time, damages are believed to be in the hundreds of millions, if not billions, of dollars.

COUNT IV

False Claims Act Violations – 31 U.S.C. § 3729(a)(1)(C)

122. Relators re-allege and hereby incorporate by reference each and every allegation contained in paragraphs 1 through 121 of this Complaint.

123. As set forth in the preceding paragraphs, Defendants conspired to commit violations of 31 U.S.C. §§ 3729(a)(1)(A), (B) and (D).

124. Defendants conspired to commit violations of the Act, including the following:

(a) Defendant Anham systematically engaged in collusive activity with Co-Defendants Unitrans, AIS, Knowlogy, Pioneer, Superior, and Erinys to ensure that subcontracts were awarded to Co-Defendants in violation of the Anti-Kickback Clause (incorporated into the various contracts under FAR 52.2.203-7)

(b) Defendant Anham systematically engaged in collusive activity with Co-Defendants Unitrans, AIS, Knowlogy, Pioneer, Superior, and Erinys to overcharge the United

States government for goods and services in violation of the Certificate of Independent Price Determination Clause (incorporated into the various contracts under FAR 52.203-2);

(c) Defendant Anham engaged in collusive activity with Defendants Superior and Pioneer to represent that non-OEM parts and/or parts that did not qualify as quality rebuilt parts that meet OEM standards met the contractual requirements to avoid having to supply the higher cost parts, while at the same time fraudulently charging for the parts as if they were the higher priced contractually required parts to maximize potential profits; and

(d) Defendant Anham directed and worked with Knowlogy to create a database system to shield sourcing and pricing information, and to further the conspiracy to provide non-OEM parts at OEM prices;

125. The United States government contracted and relied upon Anham to oversee its subcontractors and to ensure that the contracted work was performed according to the proposals, contracts, and SOWs, and with legitimate and cost-effective pricing. Anham and its affiliated subcontractors failed to perform the contracted work as required, and submitted inflated and fraudulent invoices to the United States government, who then paid the false and/or fraudulent claims.

126. The acts referenced above constitute common law fraud against the United States Government, which is a false claim subject to the False Claims Act.

127. By virtue of Defendants actions, the United States has suffered substantial monetary damages. While these damages cannot be precisely calculated by the Relators at this time, damages are believed to be in the hundreds of millions, if not billions, of dollars.

PRAYER FOR RELIEF

WHEREFORE, Relators, on behalf of themselves and the United States government pray the following relief:

(a) That this Court enter judgment against Defendants in an amount equal to three times the amount of damages the United States government sustained as a result of Defendants' actions, as well as civil penalties against Defendants of \$10,000 for each violation of 31 U.S.C. § 3729;

(b) That the Court issue a permanent injunction against Defendants and their unlawful activities;

(c) That Relators be awarded the maximum amount allowed pursuant to 31 U.S.C. § 3730(d);

(d) That Relators be awarded all costs and expenses of this action, including attorneys' fees;

(e) That Relators be awarded pre- and post-judgment interest; and

(f) That the United States government and Relators receive all such other relief as the Court deems just and proper.

DEMAND FOR JURY TRIAL

A jury is demanded on all claims and issues triable as a matter of right by a jury.

August 7, 2012

Respectfully submitted,



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Counsel for Relators 

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing complaint was served via the United States mail, certified, return receipt requested, and by hand upon the United States Attorney's Office in the District of Columbia, and the Attorney General of the United States in Washington, D.C. on this 7th day of August, 2012, and that the Relators' original disclosure statement was served in the same manner on August 6, 2012.



Blair G. Brown