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JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Thursday, July 29, 2010

**United States Files Complaint Against Oracle Alleging Contract Fraud**

WASHINGTON – The United States has intervened and filed a complaint under the False Claims Act against Oracle Corporation and Oracle America Inc. The government alleges that Oracle defrauded the United States on a General Services Administration (GSA) software contract that was in effect from 1998 to 2006 and involved hundreds of millions of dollars in sales.

Under the contract, GSA used Oracle's disclosures about its commercial sales practices to negotiate the minimum discounts for government agencies who bought Oracle software. The contract required Oracle to update GSA when commercial discounts improved and extend the same improved discounts to government customers. The suit contends that Oracle misrepresented its true commercial sales practices, ultimately leading to government customers receiving deals far inferior to those Oracle gave commercial customers.

"We take seriously allegations that a government contractor has dealt dishonestly with the United States," said Tony West, Assistant Attorney General for the Civil Division of the Department of Justice. "When contractors misrepresent their business practices to the government, taxpayers suffer."

The suit was originally filed on by Paul Frascella, Senior Director of Contract Services at Oracle. The False Claims Act allows private citizens with knowledge of fraud to file whistleblower suits on behalf of the United States and share in any recovery. If the United States intervenes in the action and proves that a defendant has knowingly submitted false claims, it is entitled to recover three times the damage that resulted and a penalty of \$5,500 to \$11,000 per claim.

Assistant Attorney General West acknowledged the investigative efforts of the Justice Department's Civil Division, the U.S. Attorney's Office for the Eastern District of Virginia, and the General Services Administration's Office of Inspector General. The Civil Division and the U.S. Attorney's Office for the Eastern District of Virginia will litigate this matter on the government's behalf. The suit is *United States ex rel. Frascella v. Oracle Corp. et al.*, No. 1:07cv:529 (E.D. Va.).

This case was investigated as part of a National Procurement Fraud Initiative. In October 2006, the Deputy Attorney General announced the formation of a National Procurement Fraud Task Force designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in government contracting activity for national security and other government programs. The Procurement Fraud Task Force is chaired by the Assistant Attorney General for the Criminal Division and includes the Civil Division, the U.S. Attorneys' Offices, the FBI, the U.S. Inspectors General community and a number of other federal law enforcement agencies. This case, as well as others brought by members of the task force, demonstrate the Justice Department's commitment to helping ensure the integrity of the government procurement process.

10-873

Civil Division

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