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**Defense Contractor Sentenced For Filing Fraudulent Invoices Totaling Over \$400,000.00**

(Norfolk, Virginia) – Watec, Incorporated, a defense contractor based in Tennessee, was sentenced today in United States District Court to pay a fine of \$700,000.00 for submitting false, fictitious and fraudulent invoices to the Government under a contract to provide training to military personnel on the military's mobile water purification systems. The systems, known as Reverse Osmosis Water Purification Units, are at the Coastal Water Purification Training Center located at Fort Story in Virginia Beach, Virginia. The corporation was also placed on probation for a period of five years, during which it must pay a minimum of \$35,000.00 each quarter towards payment of any balance owed on the fine. Among other conditions of probation imposed by the Court in order to safeguard the corporation's ability to pay the fine, is the requirement that the corporation periodically report on its financial condition and submit to examinations of its books and records. Chuck Rosenberg, United States Attorney for the Eastern District of Virginia, made the announcement after the sentence was imposed by United States District Judge Raymond A. Jackson. Watec, Incorporated previously pled guilty on March 15, 2007.

According to court documents, during the period from in or about April 2002 through September 2003, Watec prepared and submitted for payment thirty-six (36) invoices which included a total of \$421,532.33 in direct costs represented by Watec to have been incurred in the performance of the contract. These direct costs billed to the Government included training materials, heavy equipment rental, office supplies, communication services, and other purportedly reimbursable costs. In fact, as officers and employees of Watec knew, these invoices were fraudulent. The costs billed to the Government had not actually been incurred by Watec. Although billed in different monthly amounts, the final total amount fraudulently billed to the Government for each category of reimbursable costs was virtually identical to the costs which Watec had estimated in its cost proposal.

The Government paid the fraudulent invoices, resulting in a loss of \$421,532.33. In accordance with a provision in its plea agreement, Watec reimbursed the Government in full for that amount prior to the sentencing.

The case was investigated by the Defense Criminal Investigative Service and the Department of the Army's Criminal Investigation Command. Assistant United States Attorney Alan M. Salsbury prosecuted the case for the United States.

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