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May 6, 2005

2005-035

Press Office: 202-712-4320

Public Information: 202-712-4810

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## PRESS RELEASE

### **ENGENDERHEALTH AGREES TO PAY \$3.3 MILLION SETTLEMENT**

**Washington DC** - The Office of the Inspector General (OIG) for the United States Agency for International Development (USAID) announced today that as a result of its investigation of EngenderHealth, a civil fraud complaint was filed against the non-profit organization seeking damages and civil penalties for false claims that were submitted to USAID. The OIG also announced the simultaneous filing of a settlement agreement between the U.S. government and EngenderHealth under which EngenderHealth will pay the U.S. government \$3.3 million. Both the complaint and the settlement agreement were filed in federal district court by the United States Attorney's Office (USAO) for the Southern District of New York.

This investigation began based on information received by the private filing of a lawsuit alleging that EngenderHealth was improperly shifting costs across various USAID-funded cooperative agreements. Building upon this allegation, OIG investigators and auditors undertook a thorough examination of the many transactions between USAID and EngenderHealth. Since 1988, EngenderHealth has received approximately \$312 million in funding from USAID to provide family planning services on a global basis.

The investigation also revealed that at the conclusion of its cooperative agreements with USAID some of the contracted services were not performed, leaving EngenderHealth with what was described by one of its own officers as a "bubble" of excess government funds that EngenderHealth planned to use as a "cushion" to fund its ongoing operations. Under federal law, at the conclusion of the applicable funding period for a particular cooperative agreement, EngenderHealth was required to return any unused funds to the government.

Moreover, as alleged in the government's suit, this "bubble" of unexpended government funds remained on deposit in EngenderHealth's bank accounts. Rather than return these unused funds to USAID as required, EngenderHealth kept the funds and used them for purposes other than the provision of services specified under the particular cooperative agreement from which they came. In addition to failing to meet its duty to disclose the existence of these unused funds to USAID, EngenderHealth also failed to report the existence of these funds in its own financial books.

While denying any wrongdoing in its agreement to settle the lawsuit, EngenderHealth not only agreed to pay the U.S. government \$3.3 million, but also entered into an Organizational Integrity Agreement with the OIG. This agreement, designed to ensure that its continued participation in USAID programs



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will be in conformity with applicable statutes, regulations, and directives, specifically requires the hiring of an independent monitor to oversee its compliance efforts.

USAID's Acting Inspector General Bruce N. Crandlemire stated, "This case demonstrates the OIG's dedication to vigorously and aggressively investigate allegations of fraud, waste and abuse within U.S. foreign assistance programs and our commitment to protect U.S. taxpayer dollars and to make sure that those dollars are used for their intended purpose."

He also praised the efforts of the U.S. Attorney's Office for the Southern District of New York, in pursuing the prosecution of this matter. He particularly noted the dedication and professionalism of Assistant United States Attorneys Robert W. Sadowski and Edward Scarvalone.

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