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FOR IMMEDIATE RELEASE

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PRESS RELEASE

USAID CONTRACTOR AGREES TO PAY \$1.2 MILLION TO SETTLE OVERCHARGING CLAIM

Washington DC -The United States Agency for International Development's (USAID) Office of Inspector General announced today that Development Alternatives, Inc. (DAI), a company based in Bethesda, Md., has agreed to pay \$1.2 million to settle potential claims against the company under the False Claims Act that it overcharged USAID on three contracts for overseas economic development work performed on USAID's behalf.

The settlement agreement resulted from an investigation conducted by the USAID Office of Inspector General in conjunction with the United States Attorney's Office for Maryland, into DAI's performance under three USAID contracts in which it used the services of a wholly-owned subsidiary, MAS International, Inc. (MAS), as a subcontractor. One contract, signed in 1995, involved the implementation of a program to encourage financial institutions to increase the flow of credit to micro and small businesses in developing countries. The other two contracts, signed in 1996 and 1997 respectively, involved the implementation of economic assistance programs in post-war Bosnia-Herzegovina.

In 1995, DAI created MAS--which it no longer owns--to provide specialized training in the fields of banking and business in developing countries. At that time, MAS performed banking and financial training services as a subcontractor to DAI under each of the three contracts. The training included the provision and use of training materials that were to be billed to USAID at DAI's cost in obtaining the materials.

Based on its investigation, the Government contended that DAI charged USAID for the training materials without adequate cost justification, resulting in an overpayment to DAI of \$438,200. In addition, the Government contended that in one of the three contracts, DAI charged USAID its agreed profit rate, plus the profit charged by MAS to DAI, resulting in an another overpayment to DAI of \$79,532, and bringing the total amount of overpayment to DAI to \$517,732.

Enacted during the Civil War, the False Claims Act is the Government's primary civil tool to combat fraud and abuse in federal programs and procurements. The Act allows the Government to recover up to triple the amount of its actual damages, plus a civil penalty of \$6,000 to \$11,000 for each false claim. Pursuant to this settlement agreement, DAI does not admit that it violated the False Claims Act, nor does the Government concede that its claims are not well-founded.



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Acting Deputy Inspector General Paula F. Hayes stated “USAID and the American companies it relies upon to deliver development programs throughout the world must always be steadfast protectors of U.S. taxpayer funds. As highlighted by this settlement agreement, the Office of Inspector General will vigorously pursue the investigation and prosecution of fraudulent activities that target the U.S. foreign assistance program.” Mrs. Hayes praised the hard work and dedication of Assistant United States Attorney Michael A. DiPietro in obtaining this settlement agreement.

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