

THE UNITED STATES ATTORNEY'S OFFICE  
SOUTHERN DISTRICT *of* TEXAS

FOR IMMEDIATE RELEASE

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**Bering Straits Technical Services and Parent Company Pay Civil Fines for Alleged Violations of the False Claims Act**

HOUSTON - Bering Straits Technical Services LLC (BSTS) and its parent company, Bering Straits Native Corporation (BSNC), have paid the Southern District of Texas \$2 million in damages to resolve numerous alleged violations of the False Claims Act, announced U.S. Attorney Kenneth Magidson. The settlement was finalized April 26, 2016, without an admission of liability.

"Yesterday's settlement should serve as a reminder to government contractors of their accountability to the public," said Magidson. "The citizens of this district should be reassured that the Department of Justice (DOJ) and law enforcement are doing all they can to ensure tax payer money is spent appropriately. I encourage those who are knowledgeable about fraudulent practices against the government to come forward and report wrongdoing."

"Contractors are expected to comply with their statutory obligations and act in good faith when dealing with the U.S. government," said Special Agent in Charge Janice M. Flores of the Defense Criminal Investigative Service (DCIS), Southwest Field Office. "The DCIS is committed to working with its partner agencies, such as DOJ, Defense Contract Audit Agency (DCAA) and the U.S. Army Criminal Investigation Command (CID) to ensure integrity of the Defense Department's procurement process. This settlement demonstrates that combatting fraud, waste and abuse within Department of Defense (DOD) contracting remains a top priority."

The settlement is the result of a whistleblower suit filed under seal in Houston federal court on Feb. 3, 2012. The suit alleged that BSTS and BSNC caused false claims to be submitted to DOD and/or the Defense Logistics Agency (DLA) for maintenance facility services provided at the Red River Army Depot located near Texarkana. BSTS and BSNC entered contracts with DOD for maintenance and repair of the DLA facilities located at the Red River Army Depot.

Specifically, the whistleblower alleged that beginning in September 2010, BSTS and BSNC submitted false preventative maintenance reports for maintenance that was not performed and false repair work orders, thereby overcharging the government. The complaint also claimed that BSTS and BSNC employees were directed to repair equipment that no longer existed or was no longer in service and compelled to claim maintenance hours and supply costs for work that was not performed. Employees were also allegedly coerced to "pencil whip." That is, make up hours after the fact with no relation to time actually spent on the maintenance. Invoices were based on the fraudulent documents and presented to the U.S. for payment.

BSTS is a limited liability company organized in the State of Alaska with its principal place of business in Anchorage, conducts business in several states, including Texas, and contracts with numerous government facilities. BSTS contracted with the U.S. Army Corps of Engineers to provide services at the Red River Army Depot in Texarkana pursuant to two contracts which were terminated Feb. 28, 2013, and Aug. 31, 2014, respectively. BSTS ceased providing services at the Red River Army Depot Aug. 31, 2014.

BSNC is the parent corporation of BSTS and is headquartered in Nome, Alaska. Its regional operations include real estate management, development, tourism, construction, mining services and sales of rock and aggregate. BSNC also has an office in Anchorage, which oversees government contract work under SBA 8(a), HubZone, and small business programs. The Anchorage operations also include construction, support services and shareholder services.

Under the federal False Claims Act, a whistleblower, known as the relator, is entitled to share in the government's monetary recovery under certain conditions.

The settlement was a result of joint investigation by DCIS, DCAA, U.S. Army CID and DOJ. Assistant U.S. Attorney Jill Venezia handled the matter for the United States.

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**Topic:** Financial Fraud

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