Air Force Contractor Settles With DOJ

WASHINGTON (AP) — The Department of Justice said that Dynamics Research Corp., a consulting, engineering and information technology services provider, will pay the United States $15 million plus interest to settle allegations of a 1990s kickback scheme related to contracts with the Air Force.

On Thursday the DOJ detailed the settlement agreement, which says from 1997 to 2000, DRC's vice presidents Paul Arguin and Victor Garber steered Air Force contracts for computer equipment and services to companies owned by themselves, Arguin's wife and others, in exchange for kickbacks and inflated contract prices. The two executives received windfall profits, the DOJ said in a statement.

Thursday's settlement agreement resolves the 2003 lawsuit filed against DRC, in which the United states sought damages and penalties under the Anti-Kickback Act, the False Claims Act and for breach of contract.

In a separate statement, DRC on Thursday said the settlement includes the company's admission of liability solely for breach of contract, payment of $15 million to the government and dismissal with prejudice of all other claims against DRC. The Massachusetts-based company, which said it did not know or benefit from the unlawful conduct of its former employees, noted that it previously reported on this matter and recorded a $15 million charge in its 2008 financial results.

In related criminal proceedings in 2001, Arguin and Garber pleaded guilty to conspiring to defraud the government. Both received prison sentences and were ordered to pay restitution, according to the DOJ.

Shares of the company closed at $12.82 on Thursday.

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