

Beat: News

South Korean Companies Agree to Settle Claims on DOD Contracts

Agree to Pay Approximately \$3.1 Million

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USPA NEWS - Seven South Korea-based companies have agreed to pay \$3.1 million to resolve allegations they violated the False Claims Act by engaging in a bid-rigging conspiracy that targeted U.S. Army Corps of Engineers (USACE) contracts for construction and engineering work on U.S. military bases in South Korea.

The seven companies are Korea Engineering Consultants Corporation; Yul Lim Construction Co. Ltd.; Shin Woo Construction & Industrial Co. Ltd.; Seongbo Const. Ind. Co. Ltd.; Wooseok Construction Co. Ltd.; Yuil Engineering and Construction Co.; and Seokwang Development Co. Ltd. The companies have agreed to each pay an equal share of the settlement amount.

The United States alleged the seven companies conspired to suppress and eliminate competition during the bidding process on 15 USACE contracts awarded between 2016 and 2019. The United States further alleged that as a result of this anticompetitive conduct, the USACE paid substantially more for services performed under the contracts than it would have had there been competition among the bidders.

“Contractors, both foreign and domestic, provide valuable services to our armed forces around the globe,” said Principal Deputy Assistant Attorney General Brian M. Boynton, head of the Justice Department’s Civil Division. “We will ensure that such entities face appropriate consequences, however, if they fail to comply with the law and instead engage in corrupt practices at the expense of our nation’s military and the American taxpayers.”

“The U.S. Army Criminal Investigation Division (Army CID) will hold accountable those who defraud the U.S. government, no matter where they are,” said Special Agent in Charge Scott Moreland of the Army CID’s Major Procurement Fraud Field Office. “We appreciate the steadfast partnership shown by our fellow federal agencies to bring this scheme to a halt.”

“The agreement announced today is another example of the FBI’s ongoing work to eliminate bid-rigging and price fixing and ensure those engaged in such behavior are brought to justice,” said Assistant Director in Charge Kristi Johnson of the FBI’s Los Angeles Division. “Such activity cheats American taxpayers while harming competitive markets. Simply put, collusion on contracts will not be tolerated; and this case sends a clear message that the FBI and its partners will hold individuals and corporations accountable when they violate federal statutes.”

“The integrity of the Department of Defense’s procurement system is critical to our nation’s military readiness,” said Special Agent in Charge Stanley A. Newell of the Defense Criminal Investigative Service (DCIS) Transnational Operations Field Office. “The special agents of the Department of Defense Office of Inspector General Defense Criminal Investigative Service are steadfast in our mission to root out fraud and corruption that threatens the programs and components of the DoD. This outcome should resonate as a strong warning to those who seek enrichment at the expense of America’s national defense. DCIS and our partner agencies will use all tools at our disposal to bring these unscrupulous actors to justice.”

The resolution obtained in this matter was the result of a coordinated effort between the Justice Department’s Civil Division, Commercial Litigation Branch, Fraud Section; the Army CID Major Procurement Fraud Unit; the FBI’s International Contract Corruption Task Force; and DCIS.

The matter was handled by Senior Trial Counsel Andrew A. Steinberg of the Civil Division’s Fraud Section.

The claims resolved by the settlements are allegations only and there has been no determination of liability.

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