

**FILED**

MAR 12 2012

Clerk, U.S. District & Bankruptcy  
Courts for the District of Columbia

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA, *ex rels.*  
JOHN MELSON  
35 Oakdale Avenue  
Dedham, Massachusetts 02136,  
KENNETH SMITH  
122 Lakeside Drive  
Rockingham, NC 28379,

Plaintiffs,

v.

JORGE SCIENTIFIC CORPORATION  
2231 Crystal Drive, Suite 401  
Arlington, Virginia 22202

Serve: Corporation Service Company  
1090 Vermont Avenue, NW  
Washington, DC 20005,

Defendant.

CASE NO. \_\_\_\_\_

COMPLAINT FOR  
VIOLATIONS OF THE FALSE  
CLAIMS ACT, 31 U.S.C. §§ 3729,  
*ET SEQ.*

FILED UNDER SEAL

JURY TRIAL DEMANDED

JULY  
ACTED

Case: 1:12-cv-00389  
Assigned To : Sullivan, Emmet G.  
Assign. Date : 3/12/2012  
Description: General Civil

INTRODUCTION

1. *Qui tam* relators John Melson (“Melson”) and Kenneth Smith (“Smith”) (collectively “the Relators”), by their attorneys, individually and on behalf of the United States of America, file this complaint against Defendant Jorge Scientific Corporation (“Jorge” or “Defendant”).

2. Jorge has received almost \$900 million worth of federal contracts for work performed largely in the Middle East. Jorge now holds the contracts for the U.S. Dep’t of the

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Army's ("Army") Legacy projects in Kabul and Qandahar Province. The Legacy projects are intended to help the Afghans provide for their own security. Yet Jorge used the \$47 million contracts as a subsidy to engage in the same types of egregious misconduct that has endangered U.S. lives and our mission in Afghanistan, *in the same geographic location where violent tensions are now erupting*. Under color of the U.S. government, Jorge employees engaged – and are likely still engaging – in outrageous violations of law and contract.

3. Kenneth Smith and John Melson (collectively "the Relators") joined Jorge lured by the promise of being able to earn high income while continuing to serve their country. Like the government, the Relators expected Jorge to be staffed by professionals who competently executed an important mission in a dangerous, forward position. However, immediately upon arriving, the Relators witnessed shocking misconduct.

4. Among other things, the Relators observed that: Jorge employees engaged in numerous violations of Afghan and U.S. law; international and/or bilateral agreements; and contractual requirements. Jorge employees illegally possessed grenades; they unlawfully possessed firearms without authorization; Jorge employees misused firearms; they endangered Jorge employees, the U.S. mission, and U.S. military personnel by drawing attention and creating the appearance of armed attacks; Jorge employees possessed and abused alcohol and drugs; Jorge employees facilitated the possession and consumption of alcohol by U.S. military personnel; and Jorge employees intentionally defrauded the U.S. military on numerous occasions, for example by misrepresenting the location of Jorge employees to avoid discipline by the U.S. military and by submitting forged score cards in support of weapons authorizations.

5. The foregoing misconduct had a direct material impact on Jorge's performance of its contracts with the government. Duty stations were chronically understaffed and often went

unmanned, while Jorge employees became intoxicated to the point of incapacitation. Destruction and misuse of property while under the influence caused Jorge's execution of duties to be delayed or altogether prevented. The misconduct prevented one Jorge employee from fulfilling his duties (though he was still paid), who went in hiding because Jorge feared the U.S. military sought to discipline the employee for his role in a bar brawl. The misconduct caused Jorge employees to leave only three people to staff the Relators' post during the Christmas holiday, while the rest took a trip to party in Thailand. Further, a prostitute stole one of the employee's passports, so that his duties had to be fulfilled by the remaining employees, though Jorge continued to pay the stranded employee. The misconduct directly led to injuries including broken bones and shrapnel lacerations, as well as encounters with law enforcement personnel ranging from the Afghani intelligence agency to the U.S. military. Finally the misconduct endangered U.S. relations with the Afghan people because it violated Afghan laws and customs. Indeed, Jorge's project manager demeaned and degraded local workers, and Jorge's misconduct caused the Afghan intelligence agency to threaten Jorge's local security guards.

6. The Relators – who are decorated and seasoned security professionals – realized the inherent dangers and recklessness of the conduct. They repeatedly pleaded with Jorge leadership to address the rampant misconduct. When the Relators learned through investigation that Jorge was involving them in unlawful conduct, they demanded that Jorge cease its illegal activities. However, Jorge managers insisted that they would not curtail the wrongdoing. Indeed, Jorge's Executive Vice President Chris Sullivan ("Sullivan") was a ringleader of the misconduct.

7. The Relators began to investigate and document Jorge's misconduct. John Melson began identifying Jorge's unlawful activity by describing Jorge's practices to a seasoned

contractor associate who could inform Melson whether particular conduct was acceptable. Kenneth Smith recorded the misconduct in dozens of video clips and pictures. The Relators meticulously documented the ongoing, escalating, and shocking misconduct they witnessed all within a short, five-month span. Further, the evidence indicates that the misconduct was ongoing before the Relators arrived and continued after they left.

8. Motivated, at least in part, by the Relators' investigation and disclosures, Jorge subjected the Relators to egregious and shocking harassment that ranged from racial epithets to when it became clear that the Relators' lives were in danger and that Jorge had no intention of correcting the misconduct despite numerous disclosures, the Relators resigned from their positions in or about early February 2012.

#### **JURISDICTION AND VENUE**

9. This Court has subject matter jurisdiction over this action under 28 U.S.C. § 1331 and 31 U.S.C. §§ 3732(a). The Relators federal causes of action for unlawful retaliation are authorized by the 31 U.S.C. § 3730(h).

10. This Court has personal jurisdiction over Defendants pursuant to 31 U.S.C. § 3732(a) because Defendant transacts business in this judicial district. The Defendant has conducted about ninety-nine (99) transactions with the federal government in this judicial district worth more than \$42 million.

#### **THE PARTIES**

11. The Relators are citizens of the United States. The Relators bring this action for violations of the federal False Claims Acts on behalf of themselves and the United States Government pursuant to 31 U.S.C. § 3729 *et seq.* Smith has twenty-five (25) years of law enforcement experience. Smith also served at least five (5) deployments as a private contractor

in Iraq and Afghanistan, as well as a stint at the U.S. Training Center in Jalalabad, Afghanistan. Melson has six (6) combat deployments to Afghanistan and Iraq with the Massachusetts Army National Guard. Melson has earned numerous recognitions for his service, including three (3) bronze star medals and a Purple Heart medal. The Relators meet the definition of an original source as defined under 31 U.S.C. § 3730(e)(4)(B). Specifically, the Relators voluntarily disclosed to the Government the information that forms the basis of this Complaint prior to any public disclosure under 31 U.S.C. §3730(e)(4)(A).

12. Defendant is a Maryland for-profit limited-liability corporation; its headquarters are at 2231 Crystal Drive, Suite 401, Arlington, Virginia 22202.

### **FACTUAL ALLEGATIONS**

#### **Work History and Background**

13. Melson worked for Jorge from in or about December 2011 to in or about February 2012.

14. Smith worked for Jorge from in or about September 2011 to in or about February 2012.

15. Melson and Smith were Senior Principal Analysts – Close Protection Specialists in Kabul, Afghanistan. Melson handled a range of administrative tasks, general labor, and escort duties.

16. The Relators earned an annualized base salary of \$150,000 each. The Relators' received a hardship differential and danger pay equal to 70% of their base pay, as well as vacation. Therefore, the Relators' total annual compensation was about \$255,000 per year.

17. Jorge supervisors repeatedly represented to the Relators (and others) that the term of the Relators' work in Afghanistan would be two (2) years, with an optional extension up to

2015. Both Melson and Smith anticipated working at least the two (2) years, and the Relators would have stayed on had an extension materialized.

18. Jorge provided the Relators little or no formal training, specifically as it related to Relators' job duties, obligations, and expectations.

**About Jorge**

19. Jorge is a Maryland corporation headquartered in Arlington, Virginia. Jorge has conducted more than ninety-nine (99) transactions worth more than \$42 million in business with the federal government in Washington, D.C.

20. Jorge's primary business is contracting with the Department of Defense ("DoD") and the intelligence and law enforcement agencies of the U.S. government. Jorge provides support services in fields ranging from intelligence, cyber defense, and communications, to secure logistics and technical solutions. Jorge specializes in incorporating elite professionals into its services. Jorge develops immediate solutions and sustainable long-term program operations.

21. Jorge also has offices in California, Georgia, Florida, and Maryland. Jorge employs about 400 people. Jorge has been awarded \$874,789,041 in government contracts since 2001.

**About the Legacy Contract**

22. The Legacy projects focus on developing local governments' capability to provide for their own security. The Legacy-Kabul and Legacy-Qandahar programs were meant to apply the successful experiences of Legacy-Iraq and Legacy-A to Afghanistan's capital city and the volatile Qandahar province.

23. Jorge's role in the Afghanistan Legacy projects was to research methods and technologies for a "Security Apparatus Unit" that could perform counterinsurgency support to the Afghani National Police. Additionally, Jorge was to adapt the technology developed in Legacy-A and Legacy-Iraq to the Qandahar Regional Command Capital and outlying districts.

24. The contracts at issue have the identifiers W911QX-1O-C-0096 and W911QX-1O-C-0097. They are cost-plus-fixed-fee contracts with cost accounting standards clauses. The contracts represent a total value of approximately \$47 million, though available sources vary somewhat on the exact number.

25. The contract's original value was about \$37 million, but the Army has exercised its option raising the contract's value to its total possible.

26. The contracts are definitive, and were competitively bid. The contract(s) is with the Army's Research and Development Command ("RDECOM") through the Adelphi Contracting Division in Adelphi, Maryland ("CCRD-AD-CO).

27. The contract(s) is defined as a contingency operation, meaning that combat is occurring or likely to occur in the area of performance.

### **Overview of Life at the Villa**

28. The Relators' primary duty station while working for Jorge in Afghanistan was a compound known as the villa ("the Villa").

29. Sexual relationships were frequent and ongoing at the Villa, involving various military, civilian, and foreign personnel.

30. Jorge employees pressured and harassed Melson and Smith each time a party occurred because Melson and Smith refused to engage in the misconduct. The harassment

extended to the next day, when Jorge employees would harass Melson and Smith about not joining in the night before.

31. The frequent partying and harassment by Jorge employees made the Relators feel isolated and singled out. When the Relators first arrived, they were invited to dinners with the group. But when the group realized the Relators would not engage in the misconduct, the invitations stopped.

32. Jorge employees who would engage in misconduct would stop talking when Melson or Smith entered a room.

33. Kevin Carlson (“Carlson”) warned Smith that he was not going to fit in with the other Jorge employees at the Villa. Carlson explained that Smith did not play cards, and he did not join in the drinking. Carlson said to the effect of that it was going to hurt Smith because Smith was an outsider. Smith responded that he was doing his job and that was all that mattered. Carlson said to the effect of this was incorrect from Sullivan’s point of view. Smith began to believe that his job was in jeopardy if he did not fit in.

34. Security Manager Derrick Wilson (“Wilson”) warned Smith that Smith and Carlson were spending too much time together. Wilson said to the effect of that Smith needed to separate from Carlson.

35. Jay Schneider (“Schneider”) and Jeff Sykes (“Sykes”) were DoD civilian personnel working with Jorge.

36. The group called Smith a “Jew” for worrying about the conduct occurring at the Villa.

37. Chris Garvin (“Garvin”), who was the project manager before Dave Howell (“Howell”), told Melson to the effect of that Garvin would not have hired Melson if he had known that Melson’s recent military background was with the guard.

38. Jorge employees – who comprised green berets and ex-CIA officials – ridiculed Melson and Smith for their security backgrounds. Jorge employees routinely called Melson a “bottom feeder” or “Guard bum” because of Melson’s background as a National Guardsman. These comments occurred almost daily.

39. The partying was frequent, occurring on average 1-2 times per week. The parties were characterized by gunshots, extremely loud music, burning of furniture, and physical horseplay often involving weapons or fire extinguishers.

40. One bonfire at the Villa was so large it melted the courtyard’s lighting and damaged a wall.

41. Jorge employees would routinely carry their pistols in their belts or pants instead of in holsters. Melson witnessed a gun drop from this position.

42. Sullivan and others would ridicule Melson for carrying Melson’s weapon with Melson to the gym, saying “This is a secure compound.”

43. The Relators received no guidance regarding the scope of their duties, and the Relators’ superiors assigned them duties that were different than those in the Relators’ job description.

44. The Relators did not receive any training regarding their essential job duties as escort drivers.

45. When Melson asked for clarification regarding Melson's duties, Sullivan responded, "If you can't do what you're being told to do for \$250,000 then get the fuck out of here."

46. Smith also witnessed Project Manager Dave Howell ("Howell") demeaning the local workers.

47. Once when Smith tried to notify Sullivan of a briefing he just received regarding a mission, Sullivan replied, "Fuck off, and go away".

48. On or about January 9, 2012, Howell told Smith to the effect of that Miller said Miller hated Smith. Miller said he would terminate Smith's employment because Smith was stupid and should not be in Afghanistan because Smith was only a police officer.

49. Wilson was violent and often came close to fights at the local bars.

#### **Jorge Employees Have Illegal Guns**

50. Jorge issued the Relators firearms.

51. Jorge issued its employees at the Villa firearms, including M-4 and M-16 assault rifles and 9mm pistols.

52. Jorge contractors had to receive individual authorization from the Army to carry weapons in Afghanistan. Jorge informed Melson and Smith of the requirement to carry firearms and that Jorge would arrange for the Relators to be able to do so.

53. One component of an authorization is the possession of a current score card reflecting the contractor's accuracy with a fire arm. Smith did not possess a current score card when Jorge hired him, and Jorge knew that Smith did not possess a current score card.

54. Jorge told the Relators that Jorge would obtain a weapon authorization for Smith and Melson.

55. The Relators believed Melson had properly met the requirements for carrying weapons. The Relators believed that Jorge had made the necessary arrangements to lawfully authorize their possession and use of firearms.

56. In or about December 2011, Jorge employee Kent Jones (“Jones”) requested that Jorge employees, including Smith, fill out paperwork necessary to obtain a weapon’s authorization. While in the United States on leave, Smith corresponded with Miller via e-mail and Jones via telephone conference regarding the score cards. Smith again informed Jorge that he did not have current scorecards. Smith reiterated that Jorge knew Smith did not have current score cards when Jorge hired Smith. Miller told Smith that he should not worry about the score cards.

57. The Relators were unaware that they had to carry an individualized letter of authorization to lawfully carry firearms. However, when Jorge employees contacted the Relators in December regarding obtaining the letters of authorization, the Relators realized Jorge had caused its employees to unlawfully carry firearms. Several Jorge employees knowingly unlawfully carried firearms for months.

58. In or about December 2011, Miller ordered Melson to complete score cards for Smith and other Jorge employees. Melson believed the score cards he filled out accurately reflected actual scores the respective Jorge employees had earned. After conferring, the Relators realized that Miller knowingly had caused false score cards to be submitted to the government to support the weapon’s authorization.

### **First Signs of Misconduct**

59. In or about September 2011, Wilson and Sykes were driving home from a bar intoxicated. They drove the vehicle into a ditch and called a co-worker to come and pull them out.

60. Smith reported for duty at the Villa in or about late September 2011.

61. In or about October 2011, while intoxicated, Sullivan put a loaded handgun into Aawes 'Zee' Zahed's ("Zahed") mouth and said to the effect of, "This boy is my nigga." Schneider had to take Sullivan's gun from him.

62. In or about October 2011, while Smith was sitting outside with co-workers, Sullivan threw a knife at the wall beside Smith's face.

### **The Misconduct Escalates**

63. In or about November 2011, Wilson and other Jorge employees threw a party with a cash bar. About fifty (50) people attended, including U.S. military personnel.

64. In or about November 2011, Sullivan said to the effect of that he was blacking out because he was taking about 100 Oxycontin pills per week. Sullivan took the medication in addition to consuming copious amounts of alcohol. Sullivan had started taking the drug because he broke his ribs in an earlier wrestling match.

65. In or about November 2011, Sullivan wrote insults about each of the Villa workers on a whiteboard in public view. Intending to insult Smith, Sullivan wrote that Smith was homosexual.

66. Smith was good friends with Carlson, who was also somewhat ostracized from Sullivan's inner circle. For instance, when Carlson was riding with Schneider one day in

November, Schneider told Carlson to the effect of, “Shut the fuck up,” after Carlson asked how Schneider’s day was.

67. For several days, Sullivan taunted Smith’s friendship with Carlson and called them “butt-buddies.”

68. On several occasions, Master Sergeant Darien Hall (“Hall”), who was an active-duty member of the U.S. military, came to the Villa to become inebriated. Jorge had given Hall a Legacy vehicle to drive.

69. In or about November 2011, Sullivan, Schneider, and Sykes had a fire-extinguisher fight, spraying powder throughout the Villa.

70. After a night of partying in or about November 2011, Smith found Schneider rolling around the ground of the Villa’s courtyard, drunk and covered in fire extinguisher powder.

#### **Melson Arrives**

71. Jorge transferred Melson to the Villa within a few days of Melson’s arrival in Afghanistan in or about December 2011 to provide security support because several Jorge security employees were returning from the Villa to the United States.

72. Jorge did not provide Melson quarters, so Melson would sleep in a room while its normal occupant was away. Melson originally stayed in Carlson’s room. Jorge told Melson he would be transferred back to the “Green Village.”

73. A few days after Melson’s arrival, Sullivan and Miller verbally scolded Melson for taking Danielle Thraikill (“Thraikill”) and Christina Shepherd (“Shepherd”) to certain areas of Kabul to shop, though earlier Miller had told Melson to do exactly that.

74. When Melson first arrived, Melson succumbed to Jorge employees' peer pressure and had three (3) alcoholic drinks. Upon arriving, Melson was invited to join a group of co-workers relaxing in the courtyard. Jorge employees offered Melson what Melson thought was orange juice. When Melson realized the drink contained vodka Melson tried to turn it down, but the group pressured Melson into having a couple of drinks.

75. Because Melson rarely drinks, Melson was ill the next day. Miller teased Melson for not being able to drink large amounts of alcohol.

76. Jorge employees would tease Melson by saying to the effect of, "We thought you could drink...you're an Irish kid."

#### **Miller Tasks the Relators with Disposing of Illegal Grenades**

77. In or about December 2011, Wilson got into a bar brawl, which a U.S. military officer broke up. The officer was looking to identify the responsible parties, so Wilson, Sykes, and other Jorge employees slipped out the back.

78. However, Wilson broke his hand and lost his IDs, and Jorge employees feared that the military officer had identified Wilson. Jorge employees feared that the U.S. military would come to the Villa looking for Wilson.

79. Miller instructed Jorge employees "to sanitize" the house of all drugs, alcohol, and grenades.

80. Miller, who was in the United States at the time, instructed Jorge employees at the Villa to put any unauthorized weapons into a "Pelican case." Miller then told the Relators to the effect of to give the grenades to Army personnel. Miller said to the effect of that the Relators' jobs depended on successfully disposing of the grenades.

81. Miller told Jorge employees that if asked, Jorge employees should tell U.S. military personnel that Wilson went back to the United States. Then Miller said to the effect of that Wilson was really cooling it over at the band girl's house. The "band girl" was one of Wilson's consorts, who also sometimes performed with her band at the Villa. In reality, Wilson never left the country and continued to receive pay.

82. Melson learned that Jorge employee Josh Marcus ("Marcus") had two (2) grenades at a neighboring Jorge location. Marcus was delivering the grenades, but Melson had to leave on a mission. Melson told Marcus to leave the grenades with Howell.

83. Howell became enraged. When Melson could not understand why, Howell said to the effect of, "What, are you fucking stupid?" Howell then explained that it was unlawful for contractors to possess grenades. Melson did not know this because Melson had routinely carried grenades as a National Guardsman in Afghanistan, and Melson did not know the rules for contractors were different. Howell also called Melson an "idiot."

84. The Relators delivered the grenades to Mark Ward, a military friend, but the Relators then told Howell to the effect of that the Relators would not be involved in unlawful conduct. Melson also called Miller, who said to the effect of that he would deal with the issue.

#### **Jorge Employees Continue their Misdeeds**

85. The Relators confronted Miller and Hoffman about the task, but Miller and Hoffman brushed off the Relators' disclosure – though Hoffman had insisted that the Relators get a hand receipt showing delivery.

86. In or about January 2012, Schneider kicked open a door because his key was not working quickly enough to suit him. The Relators, again thinking the Villa may be under attack, ran to see what had happened.

87. On one morning in or about December 2011, Sullivan said to the effect of that he woke up with blood on his hands and had no idea on how it got there.

88. In or around December 2011, the Relators awoke around 1 a.m. to extremely loud music and yelling. Sullivan, Sykes, Schneider, and Hoffman were visibly intoxicated and consuming alcohol. Melson began to return to Melson's room, and Sullivan repeatedly called Melson, "Pussy!"

89. On another night in or about December 2011, loud music and yelling awoke the Relators again during the night. Several gun shots went off, and the Relators rushed to the courtyard to see what the commotion was about. Sykes, Zahed, Sullivan, and Schneider were heavily intoxicated and grabbing at each other's weapons and firing them in the air.

90. Thraikill also came outside and told the group to the effect of that they were being stupid and to go to bed. Sullivan replied, "Shut the fuck up bitch." Someone else replied, "Go to bed."

91. The Relators stayed, hoping to help prevent further gunfire.

92. The Relators told Howell and Miller about the gunshots and warned that the negligence was extremely unsafe. Howell and Miller replied that there was nothing the Relators could do because Sullivan was the vice president of the company and could do what he wanted. When the Relators persisted that the behavior was putting everyone at the Villa in danger, Howell and Miller replied to the effect of, "Deal with it."

93. In and around the end of December 2011, Schneider, Zahed, Hoffman, and Sykes went to Thailand. While there, a transvestite prostitute stole Hoffman's passport.

94. Sullivan and Thraikill went to Dubai at the same time.

95. Only Howell, Miller, and Melson remained to handle daily duties at the Villa.

### **January 14 Party Insults Afghani Intelligence**

96. The National Directorate of Security (“NDS”) is Afghanistan’s domestic intelligence agency with offices and operatives throughout the country.

97. In or about January 2012, NDS came to the Villa at least twice because the partying was too loud.

98. On or about January 14, 2012, an explosion woke Smith and Melson at or around 1:10 a.m. Smith opened his door, and Howell told Smith to the effect of, “Get the fuck back in your room.” When Smith asked why, Howell said to the effect of Smith did not want to be a part of what was going on. Smith returned to his room and began getting dressed. After hearing more explosions, Smith ran out of the room and encountered Melson and Howell. Smith walked outside and surveyed the scene. Sullivan told Smith to the effect of, “Relax nigga.”

99. After the first explosion on January 14, 2012, Melson took a defensive position in Carlson’s room where he had been sleeping. When a second explosion sounded, Melson began to hear yelling. Melson had entered the hallway as a third explosion sounded followed by several gunshots. Melson had Melson’s pistol raised thinking the Villa was under attack when Melson encountered co-worker Chris Streich (“Streich”), who dropped his drink. Melson yelled, “What the fuck is going on?” Streich opened the door to the courtyard, where people were laughing, cheering, and drinking. Music was blaring, and revelers were tossing ammunition and furniture into a fire. Broken vodka bottles scattered the courtyard. Streich told Melson to relax. Sykes, Schneider, Hoffman, Thraikill, and Shepherd were all in attendance.

100. On or about January 14, 2012, Melson asked Hoffman and Streich, “What’s wrong with Melson guys? This isn’t a frat house, it’s Kabul.”

101. After going to the courtyard the night of January 14, 2012 and witnessing Jorge employees' misconduct, Melson went inside the Villa where he encountered Smith and Howell in the hallway. Howell looked disappointed and said to the effect of, "Go to the third floor and sleep in Miller's room, and I will try to calm them all down."

102. At or around 4:40 a.m. on or about January 14, 2012, the Relators told Howell that the situation was unacceptable and had to be corrected. The Relators emphasized the dangers created by the partying. Howell replied that Sullivan could do whatever he wanted and if the Villa was attacked, Howell would "die in place."

103. Sullivan said the next morning to the effect of that he blacked out.

104. After the January 14 party, Smith was eating dinner with Sullivan. Smith told Sullivan to the effect of that "the shenanigans have to stop." Sullivan laughed as he was stirring his coffee and shrugged it off.

105. The Relators agreed that they should be ready to abscond should NDS or the Taliban raid the Villa in light of the commotion. After that day, the Relators each left a bag packed with clothes and provisions by their respective windows in case the Relators had to make a quick escape.

106. On or about January 14, 2012, NDS officials came to the Villa seeking access to investigate the explosions, gunfire, and other noise. The Villa's guards, who were local Afghanis, refused the NDS access. The NDS officials threatened the guards and their families. One NDS official left his card and asked that Jorge contact them. Soon after, the guards told Smith of their concerns because they had risked their safety by refusing NDS access to the Villa.

107. Howell contacted the NDS official who had left his card the previous day, and Howell placated the official.

108. Melson reported the incident to Miller, who was in the United States at the time. Miller said to the effect of that he would resolve the issues.

### **Zee Nearly Loses an Eye**

109. On or about January 14, 2012, Zahed was partying at the Villa when Sullivan was throwing bullets into the fire. Shrapnel from one of the detonating bullets sliced Zahed's eyebrow and eyelid. Had the shrapnel hit a centimeter lower, it would have directly hit Zahed in the eye.

### **More Harassment**

110. Howell told Smith to the effect of that Smith did not bring anything to the table.

111. Howell repeatedly ridiculed Smith for reading the Bible.

112. On another morning, Zahed's vehicle blocked the courtyard, and therefore all of the Villa's vehicles. The night before, Zahed had a breakdown while inebriated. He began screaming about the people he had killed and dead bodies, and Zahed threatened suicide. Two Jorge employees had to make an airport pick up the next morning, but Zahed had stumbled back to his villa, leaving his vehicle.

113. On another occasion, Sullivan, Zahed, Gary Jones, and Hoffman were in the courtyard drinking. When Melson and Smith returned from a mission to pick up Streich, Sullivan ordered Melson and Smith to have a drink with the group.

114. The Relators began to leave, and as they did, Sullivan yelled out, "You're a pussy for leaving!"

115. Smith did not return, but Melson did to eat Melson's dinner with the group. Sullivan took out his pistol and put it in Zahed's face. Sullivan kept saying, "You're my nigga."

116. Melson began a conversation with Mike Mann (“Mann”), a co-worker who wasn’t drinking, when something detonated in the fire. Sullivan was throwing bullets into the fire. Melson began to leave because of Sullivan’s unsafe conduct, and as Melson left, Sullivan repeatedly called Melson a “pussy.”

**February 4, 2012 Becomes “The Final Straw”**

117. On or about February 4, 2012, Jorge employees were supposed to be performing duties. For example, Miller was supposed to be manning the security station. However, instead of working, Miller and Operations Manager Hoffman became belligerently drunk and loud. They began wrestling and woke Smith, Carlson, and Tommy Fedie. They destroyed the Villa’s interior, damaging everything from furniture to computers.

118. On or about February 4, 2012, the Relators finally got Miller and Hoffman to bed by 4 a.m. However, Smith heard Miller choking and entered the room to find Miller choking on his own vomit. Smith rolled Miller on his side. Smith witnessed Miller consume an unsafe amount of alcohol and asked whether Miller needed a medic. Miller verbalized his desire for a medic, so Smith went to retrieve Carlson, Jorge’s medic, to tend to Miller. Carlson had said that he was going to bed, after they had got Miller and Hoffman to sleep. However, Smith found Carlson intoxicated to the point of being unresponsive. Smith saw a used syringe on the floor of Carlson’s room, and Smith observed blood trickling from Carlson’s arm.

119. Smith pleaded with Carlson that Miller was in need of medical attention, and he emphasized that the medic had to be ready to address medical needs at any time. Smith pleaded with Carlson that he was endangering not only Miller, but also the entire mission through his drug use. Finally, after about forty-five (45) minutes, Smith succeeded in rousing Carlson and bringing him to Miller’s aid.

**Smith Resigns**

120. On February 5, Smith resigned effective immediately. Sullivan called Smith “high maintenance” and said to the effect of “good riddance” upon learning Smith was leaving.

121. Miller had a nervous breakdown when Smith quit, and Miller threatened suicide.

122. On February 7, Sullivan told Carlson that if Smith caused any problems at Jorge’s headquarters, Sullivan would retaliate against Carlson because he was Smith’s friend.

**Miller Issues Melson a Written Counseling**

123. Melson received a request for security assistance from another contractor whose convoy had been attacked.

124. Melson left Melson’s rifle at Melson’s desk to begin arranging the requested support. Gary Jones and Thraikill, who were armed, were sitting at their desks nearby. When Melson returned to Melson’s desk, Melson’s rifle was gone.

125. Howell told Melson that Sullivan had taken the rifle because it was unsecured, locked it in his room, and had left. Melson could not provide the other contractor the requested support.

126. Three days later, Miller issued Melson a written counseling for a safety violation by leaving a weapon unsecure. The next day, the new stateside Program Manager Wu Kahn (“Kahn”) told Melson to disregard the counseling. Kahn told Miller that disciplinary actions required Kahn’s approval.

127. Nevertheless, Miller called Melson the next day to ask why Melson had not signed the counseling statement.

128. Afterward, Melson promptly submitted Melson’s resignation.

129. Contemporaneous to their resignations, both Relators notified in writing Jorge employees at its headquarters in Virginia of the specific misconduct occurring at the Villa. Jorge failed to indicate to either Smith or Melson that Jorge was taking appropriate steps to remedy the misconduct. Indeed, Jorge had known about the ongoing misconduct for some time and was resolute in its decision not to address the misconduct at the Villa.

### **COUNT I**

#### **Defendants Knowingly Presented False or Fraudulent Claims for Payment to the United States in Violation of the False Claims Act, 31 U.S.C. § 3729(a)(1)**

130. The Relators reallege and incorporate the allegations set forth in paragraphs 1 through 129 above as though fully alleged herein.

131. Defendant, by and through its officers, agents, supervisors, and/or employees, knowingly presented or caused to be presented to the United States and District of Columbia, false or fraudulent claims, and knowingly failed to disclose material facts, in order to obtain payment or approval pursuant to its contracts with the U.S. government in violation of 31 U.S.C. § 3729(a)(1).

132. The United States, unaware of the falsity of the claims and/or statements made by Defendant and in reliance on the accuracy thereof, paid Defendant for such false or fraudulent claims.

133. By reasons of the acts and conduct of Defendant in violation of 31 U.S.C. § 3729(a)(1), the United States has suffered actual damages, including the amounts paid in response to all such fraudulent claims for payment.

134. Jorge submitted claims for payment to the government pursuant to its Legacy contracts.

135. The claims Jorge submitted for payment were false, and Jorge knew of the claims' falsity. Top Jorge executives and managers had direct, personal knowledge of the claims' falsity. The Relators verbally and in writing notified numerous Jorge employees in the United States and Afghanistan of the information underlying the claims' falsity.

136. The U.S. government would not have paid, or would have not been obligated to pay, Jorge pursuant to the false claims Jorge submitted for payment.

137. The U.S. government would not have exercised the options under one or all of the Legacy contracts but for Jorge's false and material misrepresentations and omissions.

138. Jorge falsely represented its performance to the U.S. government. Though the various Legacy projects throughout the Middle East produced quantifiable accomplishments, Jorge misrepresented its performance in the Legacy Kabul contract. Jorge represented that its employees safely, adequately, and full performed their assigned job duties and remained ready to perform duties as needed. However, the misconduct at the Villa caused Jorge employees to fail to perform their duties by failing to man duty stations as scheduled. Further Jorge employees were often too intoxicated to perform their duties or be prepared to perform duties as necessary. Jorge's conduct at the Villa damaged, rather than helped, U.S. relations with Afghani security forces and the security in and around Kabul generally. As a direct result of misconduct at the Villa, several operations were not executed.

139. Jorge employees could not execute a pick-up mission because Zahed's vehicle blocked all the Villa's vehicles, while Zahed had wandered off drunk.

140. Once or twice a week, Jorge employees became intoxicated and failed to perform their duties, man duty stations, and they failed to remain ready to perform duties as necessary.

141. The Villa was chronically understaffed. Jorge employees nonetheless took numerous vacations that left the Villa's operational capability virtually non-existent.

142. Because Wilson engaged in a bar brawl and feared repercussions from the U.S. military, the Legacy Kabul project was deprived of an on-site security manager for a period.

143. Because while in Thailand Hoffman had engaged a prostitute who stole his passport, the Legacy Kabul project was deprived of an on-site operations manager for a period.

144. Jorge falsely certified its compliance with integral contractual terms. Jorge falsely told the U.S. military that Jorge employees had current score cards in support of weapons' authorizations. Jorge falsely certified its compliance with contracts terms pertaining to Jorge employees' alcohol and substance abuse. Jorge falsely certified its compliance with contractual terms pertaining to substance and/or alcohol abuse. Jorge falsely certified its compliance with contractual terms pertaining to weapons possession and/or use, including but not limited to its employees' score cards, its adherence to U.S. Central Command's Rules for the Use of Force, and Jorge's adherence to the Law of Armed Conflict Training for contractors in Afghanistan. Jorge falsely certified its compliance with contractual terms pertaining to the treatment of and/or interaction with Afghani people and/or institutions. Jorge falsely certified its compliance with contractual terms pertaining to standards of conduct for Jorge employees. Jorge falsely certified its compliance with contractual terms pertaining to full disclosure of material facts and/or the material accuracy of representations made in connection with the contract(s).

145. Jorge submitted false claims for cost reimbursement. Jorge falsely certified its compliance with the contracts' cost accounting standards clause. Jorge employees intentionally damaged and destroyed property. Jorge employees intentionally destroyed the Villa's fire pit and law furniture several times. Jorge employees knowingly and unnecessarily used

ammunition. Jorge employees knowingly and recklessly caused property damage to the Villa building. Jorge employees knowingly destroyed and/or damaged computers and other electronic equipment. Jorge employees purchased alcohol. Jorge employees intentionally and unnecessarily destroyed fire extinguishers. Jorge employees caused damage to vehicles. Jorge, knowingly submitted claims to the U.S. government for cost reimbursement for some or all of the foregoing costs, while misrepresenting or omitting material facts regarding the nature of Jorge's costs and its entitlement to reimbursement.

146. Jorge fraudulently induced the U.S. government into exercising the government's option(s) on the contracts, by knowingly misrepresenting or omitting materials facts regarding the existence of a present or past fact with the intent of causing the U.S. government to rely on its representations in deciding whether to extend the Legacy contract(s). The U.S. government justifiably relied on Jorge's representation to its detriment. The U.S. government paid or obligated itself to pay at least \$9.5 million it would have otherwise not agreed to had it known the material facts.

147. The U.S. government would not have paid, or would not have been obligated to pay, Jorge's claims pursuant to the contract(s) had it known of Jorge's false certifications.

148. The United States is entitled to recover civil money penalties, and other monetary relief as deemed appropriate.

### **COUNT II**

#### **Defendants Retaliated Against Melson for Engaging in Acts Protected by the False Claims Act, 31 U.S.C. § 3730(h)**

149. Melson realleges and incorporates the allegations set forth in paragraphs 1 through 148 above as though fully alleged herein.

150. As set forth above, and in connection with the foregoing scheme, Defendant knowingly submitted false claims for payment by the United States in violation of the False Claims Act.

151. Melson engaged in activity protected under the False Claims Act by engaging in lawful acts in the furtherance of a *qui tam* action under the FCA and other efforts to stop Defendant's violation of the False Claims Act.

152. Melson engaged in protected activity by making disclosures regarding the Defendant's misconduct underlying the instant *qui tam* action.

153. Melson engaged in activity by investigating the legality and propriety of Jorge's conduct. Melson repeatedly spoke with an associate, who is an experienced contractor, to determine whether Jorge's conduct was acceptable.

154. Melson's investigation and disclosures led in part to the instant *qui tam* action.

155. Melson is an "employee" or "contractor" and Defendant is an "employer" as the terms are defined by the False Claims Act.

156. Defendant constructively discharged Melson. Defendant singled Melson out for enmity and harassment. Defendant subjected Melson to a pretextual written counseling letter. Melson's only reasonable option was to resign. Defendant had intended to cause Melson to resign through its actions.

157. Melson's protected activity motivated, at least in part, Defendant's decision to constructively discharge Melson.

158. To redress the harms he has suffered as a result of the acts and conduct of Defendant in violation of 31 U.S.C. § 3730(h), Melson is entitled to damages including two times the amount of back pay, interest on back pay, and compensation for any special damages.

including emotional distress and any other damages available by law including litigation costs and reasonable attorneys' fees.

**COUNT III**

**Defendants Retaliated Against Smith for Engaging in Acts Protected by the False Claims Act, 31 U.S.C. § 3730(h)**

1. Smith realleges and incorporates the allegations set forth in paragraphs 1 through 148 above as though fully alleged herein.

2. As set forth above, and in connection with the foregoing scheme, Defendant knowingly submitted false claims for payment by the United States in violation of the False Claims Act.

3. Smith engaged in activity protected under the False Claims Act by engaging in lawful acts in the furtherance of a *qui tam* action under the FCA and other efforts to stop Defendant's violation of the False Claims Act.

4. Smith engaged in protected activity by making disclosures regarding the Defendant's misconduct underlying the instant *qui tam* action.

5. Smith engaged in protected activity by documenting Jorge's unlawful and fraudulent misconduct. Smith documented Jorge's misconduct with photographs and video evidence.

6. Smith's investigation and disclosures led in part to the instant *qui tam* action.

7. Smith is an "employee" or "contractor" and Defendant is an "employer" as the terms are defined by the False Claims Act.

8. Defendant constructively discharged Smith. Defendant singled Smith out for enmity and harassment. Smith's only reasonable option was to resign. Defendant had intended to cause Smith to resign through its actions.

9. Smith's protected activity motivated, at least in part, Defendant's decision to constructively discharge Smith.

10. To redress the harms he has suffered as a result of the acts and conduct of Defendant in violation of 31 U.S.C. § 3730(h), Smith is entitled to damages including two times the amount of back pay, interest on back pay, and compensation for any special damages, including emotional distress and any other damages available by law including litigation costs and reasonable attorneys' fees.

**PRAYER FOR RELIEF**

WHEREFORE, the Relators, acting on behalf of and in the name of the United States of America, and on their own behalves, demand and pray that judgment be entered against Defendant for violations of the federal False Claims Act Counts as follows:

- (a) In favor of the United States against the Defendant for treble the amount of damages to the federal government from the submission of false claims and the maximum civil penalties for each violation of the False Claims Act;
- (b) In favor of the Relators for the maximum amount pursuant to 31 U.S.C. § 3730(d) to include reasonable expenses, attorney fees and costs incurred by the Relators;
- (c) For all costs of the False Claims Act civil action;
- (d) In favor of the Relators for all compensatory and punitive damages, including personal injury damages for pain and suffering and loss of reputation, back pay, and interest, and attorneys' fees and costs to which he is entitled pursuant to 31 U.S.C. § 3730(h)
- (e) In favor of the Relators and the United States for further relief as this court deems to be just and equitable;
- (f) Such other relief as this Court deems just and appropriate.

Respectfully Submitted,



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**JURY DEMAND**

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Smith and Melson hereby demand a jury trial.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via UPS,  
on this 12th day of March 2012, upon:

Eric Holder, Esq.  
Attorney General of the United States  
Office of the Attorney General, Civil Division  
U.S. Department of Justice  
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David L. Scher