



SECURITY CONSULTING FIRM ABSG CONSULTING, INC., AGREES TO PAY \$650,000 TO RESOLVE FALSE CLAIMS ACT ACTION

Activity Date: May 11, 2018

Web Summary: OIG-WS-2018-323

ABSG Consulting, Inc., has agreed to pay the United States \$650,000 to resolve an allegation that it knowingly submitted false claims to Amtrak in the award of a \$1 million training contract. The allegation arose because Amtrak was not notified that ABSG Consulting's program manager for the contract had a close personal and financial relationship with the senior Amtrak Police Department (APD) official who approved ABSG Consulting's selection as the winning bidder and oversaw implementation of the training program.

In May 2014, Amtrak awarded a contract to ABSG Consulting, Inc., to provide training to APD personnel and other law enforcement agencies that work with APD in and around rail facilities during inspections, law enforcement operations, and emergencies. The training program, entitled "RAILSAFE," was funded by federal grant money in an amount of approximately \$1 million.

After the contract was competitively awarded, the Amtrak Office of Inspector General (OIG) learned that the APD employee in charge of overseeing the RAILS SAFE contract had a close personal and financial relationship with ABSG Consulting's program manager before the award and during the performance of the RAILS SAFE contract. The OIG's investigation led to the United States alleging that the relationship was a material violation of the RAILS SAFE contract's express prohibition against conflicts of interest, Amtrak's Ethical Conduct and Conflict of Interest policy, and ABSG Consulting's own Ethics Code.

The United States further contended that it had certain civil claims against ABSG Consulting arising from the submission of invoices and subsequent payments from Amtrak

that resulted from the failure to properly disclose the personal relationship and potential conflict of interest.

As soon as Amtrak was made aware of this relationship, it stopped payment on the RAILS SAFE contract. The APD employee retired from Amtrak, and the ABSG Consulting employee was terminated from employment. Without admitting liability, ABSG Consulting agreed to resolve the potential claims against it by paying an amount equal to three times the total profit made on the contract, or \$650,000.00.

Date Posted:

OIG Investigative Case Number: DC-16-0066-HL-O