

June 5, 2008

BearingPoint, Inc.
1676 International Drive
Maclean, VA 22102

Dear Sir or Madam:

Sometime in the next few weeks, the Project On Government Oversight (POGO) will update its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including BearingPoint. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to BearingPoint, please be assured that any response received by POGO will be posted on the website along with the data.

The biggest change we will be making to the database is the inclusion of more federal contractors (the top 100). We are also adding new instances that we have found in recent months and updating instances already in the database with new information. Please note that the database also includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon
Investigator

Enclosure

Instances

1. Berman, et al. v. BearingPoint (Securities Fraud)

Date: 08/20/2003 (Date of Filing)

Misconduct Type: Securities

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$1,700,000

Disposition: Settlement

Synopsis: In August 2003, BearingPoint announced it had overstated its net income and earnings in fiscal year 2003 by \$10.8 million, causing its stock value to immediately plummet. Shareholders filed a securities fraud class action against BearingPoint in federal court in the Eastern District of Virginia. The plaintiffs alleged that, during 2002 and 2003, BearingPoint disseminated false and misleading information about the company's financial status, in violation of the Securities Exchange Act of 1934. In April 2004, the court gave preliminary approval to a proposed settlement agreement for \$1.7 million.

2. Criminal Conspiracy

Date: 11/16/2004 (Date of Plea)

Misconduct Type: Securities

Enforcement Agency: Justice

Contracting Party: None

Court Type: Criminal

Amount: \$100

Disposition: Pleaded Guilty

Synopsis: Former BearingPoint employee Larry Rodda pled guilty to one count of criminal conspiracy in connection with an alleged scheme by California software company Peregrine Systems Inc. to inflate its stock price. Peregrine overstated its revenue by \$509 million from 1999 to 2001. BearingPoint was a reseller of Peregrine's software during that time. Rodda, who had been charged with signing phony contracts for Peregrine, was also named in a civil suit brought by the Securities and Exchange Commission in the matter. BearingPoint was subpoenaed in the case and has also been named in several civil lawsuits alleging that it helped Peregrine carry out its scheme. In January 2008, Rodda was sentenced to six months in prison, six months of home detention, and two years of supervised release. He was also ordered to pay a \$100 special assessment. See related BearingPoint Inc. instances, "SEC v. Gardner, et al. (Aiding and Abetting Financial Fraud)" and "Aiding and Abetting Financial Fraud."

3. Travel Expense Overbilling

Date: 12/01/2005 (Date of Settlement - approximate)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Multiple Agencies

Contracting Party: Multiple Agencies

Court Type: Civil

Amount: \$15,500,000

Disposition: Settlement

Synopsis: In December 2005, BearingPoint executed a settlement agreement with the Civil Division of the U.S. Department of Justice to settle allegations the company overbilled for travel expenses on government contracts. Pursuant to the settlement agreement, the company paid \$15.5 million.

4. Aiding and Abetting Financial Fraud

Date: 05/04/2007

Misconduct Type: Securities

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$36,900,000

Disposition: Settlement

Synopsis: BearingPoint was named as a defendant in several civil lawsuits regarding certain software resale transactions with Peregrine Systems, Inc. from 1999 to 2001. Peregrine overstated its revenue by \$509 million during that period, when BearingPoint was a reseller of Peregrine's software. A former BearingPoint employee pled guilty in 2004 to signing phony contracts for Peregrine. Purchasers of Peregrine stock alleged BearingPoint participated in or aided and abetted a fraudulent scheme by Peregrine to inflate its stock price. In September 2006, BearingPoint settled the lawsuits for approximately \$36.9 million. See related BearingPoint instances, "Criminal Conspiracy" and "SEC v. Gardner, et al. (Aiding and Abetting Financial Fraud)."

5. SEC v. Gardner, et al. (Aiding and Abetting Financial Fraud)

Date: 02/06/2008 (Date of Settlement)

Misconduct Type: Securities

Enforcement Agency: SEC

Contracting Party: None

Court Type: Civil

Amount: \$80,000

Disposition: Settlement

Synopsis: The Securities and Exchange Commission filed a settled enforcement action against Larry A. Rodda, a former principal and managing director of KPMG Consulting LLC (later renamed BearingPoint Inc.) for his role in aiding and abetting a major corporate accounting fraud. Rodda was charged by the SEC in 2004 with aiding and abetting a massive financial fraud orchestrated by senior officers at Peregrine Systems, Inc., a California software company. According to the SEC, Rodda knowingly signed sham software license agreements that allowed Peregrine to inflate its stock price from fiscal year 2000 through the third quarter of fiscal year 2002. Without admitting or denying the SEC's allegations, Rodda agreed to pay a \$80,000 civil penalty. In 2004, Rodda pleaded guilty to one count of criminal conspiracy in a related criminal case. See related BearingPoint Inc. instances, "Criminal Conspiracy" and "Aiding and Abetting Financial Fraud."

Pending Instances

2005 Securities Fraud Class Action

Date: 05/04/2007

Misconduct Type: Securities

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$0

Disposition: Pending

Synopsis: In 2005, various complaints were filed in the federal court for the Eastern District of Virginia, alleging that BearingPoint and certain of its current and former officers and directors violated the Securities and Exchange Act of 1934 by, among other things, making materially misleading statements about its financial condition in SEC filings and press releases between August 14, 2003 and April 20, 2005. In January 2006, the court certified a class, appointed class counsel and appointed a class representative.

Violations of the Foreign Corrupt Practices Act

Date: 03/27/2006 (Date Subpoena Received)

Misconduct Type: Ethics

Enforcement Agency: SEC

Contracting Party: None

Court Type: Administrative

Amount: \$0

Disposition: Pending

Synopsis: The Security and Exchange Commission and Department of Justice are investigating incidents of possible non-compliance with the Foreign Corrupt Practices Act by certain BearingPoint operations in China. On March 27, 2006, the company received a subpoena from the SEC. It is alleged a subcontractor made payments to officials at state-owned organizations in China.

Federal Contract Investigation

Date: 12/01/2004 (Date Subpoena Received - approximate)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Multiple Agencies

Contracting Party: Multiple Agencies

Court Type: Criminal

Amount: \$0

Disposition: Pending

Synopsis: In December 2004, BearingPoint was served with a subpoena by a grand jury for the United States District Court for the Central District of California. The subpoena sought records relating to twelve contracts between BearingPoint and the federal government. The focus of the review is upon the company's billing and time/expense practices, as well as alliance agreements where referral or commission payments were permitted. Subsequently, the company was also served with subpoenas by the U.S. Army and the Inspector General of the General Services Administration regarding its federal government work.

Computer System Investigation

Date: 06/01/2004 (Date 1st Subpoena Received - approximate)

Misconduct Type: Other

Enforcement Agency: Veterans Affairs

Contracting Party: Veterans Affairs

Court Type: Administrative

Amount: \$0

Disposition: Pending

Synopsis: BearingPoint has been subpoenaed twice in an ongoing investigation of the Core Financial Logistics System ("CoreFLS"), a computer management system BearingPoint helped create for a Department of Veterans Affairs center in Florida. The Inspector General's Office of the Department of Veterans Affairs and the Assistant U.S. Attorney for the Central District of Florida are investigating possible problems with the CoreFLS project. To date, there have been no specific allegations of criminal or fraudulent conduct on the part of BearingPoint.