

May 30, 2008

Science Applications International Corporation
10260 Campus Point Drive
San Diego, CA 92121

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 SAIC. On August 16, 2005 and November 15, 2006, we sent SAIC information regarding findings in POGO's database. We received a response from you on September 27, 2005. 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 SAIC, 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. Iraq Contracts Investigation

Date: 03/18/2004 (Date of Inspector General Report)

Misconduct Type: Cost/Labor Mischarge

Enforcement Agency: Defense – General

Contracting Party: Defense - General

Court Type: N/A

Amount: \$0

Disposition: Investigative Finding

Synopsis: In March 2004, the Pentagon's inspector general released a report on Iraq humanitarian assistance contracts awarded for the Coalition Provisional Authority. A large portion of the contracts under review were awarded on a sole-source basis to SAIC. The inspector general found irregularities in both the award and administration of the contracts, including instances of improper or unsupported billing and weak oversight.

2. KC-135 and F-15 Aircraft Components (False Claims Act)

Date: 12/18/1995 (Date of Settlement Announcement)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Defense – Air Force

Contracting Party: Defense - Air Force

Court Type: Civil

Amount: \$2,500,000

Disposition: Fine

Synopsis: SAIC was charged with defrauding the government over its efforts to design a flat panel display screen for fighter jets. The government alleged that SAIC received millions of dollars but never produced a fully operational model and misled the government about the status of their progress. According to media reports, in December 1995, SAIC settled with the government and paid a fine of \$2.5 million.

3. Cost/Labor Mischarge

Date: 02/16/1998 (Date of Settlement)

Misconduct Type: Cost/Labor Mischarge

Enforcement Agency: Defense – General

Contracting Party: Defense - General

Court Type: undisclosed/unknown

Amount: \$1,124,850

Disposition: Settlement

Synopsis: According to a GAO report cited by Senator Harkin and Representative DeFazio, SAIC paid \$1,124,850 to settle a case of "Voluntary Disclosure Cost/Labor Mischarging."

4. United States ex rel. Thornton v. SAIC (False Claims Act Violations)

Date: 05/10/1995 (Date of Settlement)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Treasury

Contracting Party: Treasury

Court Type: Civil
Amount: \$125,000

Disposition: Settlement

Synopsis: SAIC was among three government contractors which paid “the United States a total of \$230,000 to settle allegations [of False Claims Act violations] in which they allegedly failed to properly test electrical cables installed at a U.S. Treasury facility under construction in Fort Worth, Texas, that prints money... The United States alleged that subcontractors falsified the testing of certain power cables during the construction of the Western Currency Production Facility in Fort Worth. The improperly tested cables were ultimately replaced. SAIC was the prime contractor on the project. AlliedSignal, through its Bendix Field Engineering Corporation subsidiary, was retained to install certain hardware and AlliedSignal, in turn, awarded a subcontract to Lloyd Electric's predecessor, J.V. Clark Electric Co. Inc., to install electrical wiring and cables at the facility.” According to a company spokesperson, SAIC’s share of the settlement was \$125,000.

5. United States ex rel. Woodlee v. SAIC (False Claims and Defective Pricing)

Date: 04/28/2005 (Date of Settlement)

Misconduct Type: Defective Pricing

Enforcement Agency: Defense – Air Force

Contracting Party: Defense - Air Force

Court Type: Civil

Amount: \$2,500,000

Disposition: Settlement

Synopsis: SAIC paid the government \$2.5 million to settle allegations that it made false claims and engaged in defective pricing on delivery orders with the Air Force for environmental clean-up at Kelly Air Force Base in San Antonio, Texas. Woodlee's complaint alleged that SAIC knowingly failed to disclose information about its costs during price negotiations with the Air Force. The lawsuit alleged that SAIC inflated its estimates of the amount of labor hours it would require to complete the work.

6. Stanfill v. SAIC (Breach of Contract)

Date: 03/19/1997 (Date of Verdict)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$1,250,000

Disposition: Judgment Against Defendant

Synopsis: Former SAIC employee Bernice Stanfill sued the company for sex discrimination and breach of her employment contract. She prevailed at trial in 1992 and won a \$3.1 million jury award, which was later overturned on appeal. At a 1997 retrial on her breach of contract claim, she was awarded \$1,250,000 in compensatory damages.

7. Double Billing

Date: 05/02/2006 (Date of Report)

Misconduct Type: Cost/Labor Mischarge

Enforcement Agency: Justice

Contracting Party: Justice

Court Type: Administrative

Amount: \$26,335

Disposition: Administrative Agreement

Synopsis: A "review of SAIC's subcontractor labor charges found that FBI was billed twice for the same subcontractor invoice totaling \$26,335. SAIC officials agreed that they double billed and stated that they would make a correction."

8. Conflict of Interest Violations

Date: 08/30/2000 (Date of Settlement)

Misconduct Type: Ethics

Enforcement Agency: Justice

Contracting Party: None

Court Type: Civil

Amount: \$30,000

Disposition: Settlement

Synopsis: Former Deputy Assistant Attorney General Mark A. Boster paid \$30,000 in a civil settlement to resolve allegations that he violated conflict of interest laws for federal employees (18 U.S.C. §207(c)). In April 1999, Boster called the Justice Department in regard to a matter involving his current employer, SAIC. Boster left the Justice Department in January 1999. Boster's phone call was an apparent violation a law prohibiting certain senior officials from contacting the government on behalf of an employer within one year of leaving the government.

Pending Instances

United States v. Science Applications International Corp. (False and/or Fraudulent Representations)

Date: 09/03/2004 (date filed)

Misconduct Type: Government Contract Fraud

Enforcement Agency: NRC

Contracting Party: Multiple Agencies

Court Type: Civil

Amount: \$0

Disposition: Pending

Synopsis: The Nuclear Regulatory Commission filed suit against SAIC, alleging false and/or fraudulent representations to the effect that SAIC was providing unbiased services to the NRC. At the time the NRC hired SAIC to formulate guidelines on recycling radioactive waste, they were unaware SAIC was also working for the Department Of Energy on a radioactive waste cleanup project and had other consulting and contractual relationships that created a conflict of interest.