

CLIENT ALERT

CPA Procurements Subject to Civil False Claims Act

August 9, 2005

Calling to mind the Watergate mantra “follow the money,” the U.S. Dist. Ct. for E.D. Virginia held in *U.S. ex rel. DRC, Inc. v. Custer Battles, LLC* (July 8, 2005), that the U.S. civil False Claims Act applies to claims made under a contract with the Coalition Provisional Authority (“CPA”) in Iraq to the extent that the request or demand for payment involves U.S. government funds, including Iraqi “vested” funds held in U.S. bank accounts and confiscated pursuant to an Executive Order and Iraqi funds seized by the coalition forces during the war, but not funds obtained from the sale of Iraqi oil and gas where ownership remained with the Iraqi government. The court further held that the FCA’s “presentment” requirement was satisfied, regardless of whether the now-defunct CPA was an instrumentality of the U.S. government, because the contractor caused a request for payment to be submitted to a U.S. Army officer in charge of disbursing the funds.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

Brian C. Elmer

Retired Partner – Washington, D.C.

Email: belmer@crowellretiredpartners.com

David C. Hammond

Partner – Washington, D.C.

Phone: +1.202.624.2510

Email: dhammond@crowell.com