

Food contractor for U.S. forces in Iraq pays \$95M in Atlanta case

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By [Bill Rankin](#) - The Atlanta Journal-Constitution



U.S. Attorney John Horn (in November 2015 file photo): "A fair and just outcome." (AJC file)

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A Kuwaiti defense contractor has agreed to settle criminal and whistle-blower claims pending in federal court in Atlanta with a \$95 million payment and a guilty plea to a misdemeanor charge.

Agility Public Warehousing had been accused of defrauding the U.S. government out of tens of millions of dollars involving food-supply contracts between 2003 and 2010. Agility was the prime vendor to feed U.S. and coalition troops in Iraq, Iran and Jordan during that time.

As part of the deal, Agility agreed to relinquish \$249 million in claims it had been pursuing against the U.S. for military food contracts, the Justice Department said Friday. The proposed resolution, which must be approved by a federal judge, would end a case that began more than a decade ago. The allegations were first brought to the government's attention by a whistle-blower, Kuwaiti businessman Kamal Al Sultan.

"This is one of the largest military procurement fraud cases in the history of the False Claims Act, passed by Abraham Lincoln to combat war profiteers, and one of the largest whistle-blower awards ever in a military-procurement fraud case," Atlanta lawyer Raymond Moss, who represents Al Sultan, said.

Moss declined to say how much of the \$95 million settlement Al Sultan will receive.

Agility agreed to plead guilty to a theft of government funds charge, a misdemeanor. As a result of the deal, Agility will be able to pursue new government contracts. It had been barred from bidding on contracts since its indictment was handed up by a federal grand jury in Atlanta.

"Today's global resolution represents a fair and just outcome of criminal, civil and administrative cases that have been pending since 2009," U.S. Attorney John Horn said.

He noted that an agreement between Agility and the U.S. Defense Logistics Agency requires oversight of the company by an independent monitor and an ethics and compliance program.

"The agreements require Agility to take responsibility for its criminal wrongdoing and take affirmative steps to prevent it from engaging in this conduct again, and the government recovers significant funds that were alleged to have been wrongly paid," Horn said.

The settlement removes uncertainty for investors and lenders, ends costly litigation, and opens a pipeline of potential government and commercial contracting opportunities," Agility CEO Tarek Sultan said.

"(It) affirms our long-standing view that Agility acted transparently and responsibly as it carried out to

near-perfection the extraordinarily complex mission to deliver food and related materials to U.S. troops in an active war zone,” he said.

The criminal indictment alleged that Agility concealed fees it should have been paying and marked up its contracts. Because of the company’s price manipulation, the U.S. paid inflated prices for food, the U.S. Attorney’s Office said.

Al Sultan’s whistle-blower lawsuit spawned the initiation of other Justice Department investigations, whistle-blower lawsuits, prosecutions, settlements and convictions against other prime vendors and their suppliers for similar conduct, Moss, Al Sultan’s lawyer, said.

In a statement, Al Sultan said, “As the great ancient Roman politician and lawyer Cicero once said, ‘Any man can make a mistake, only a fool keeps making the same one.’”

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