

U.S. Says Kuwait Company Overbilled It by Millions for Troops' Food

By ROBBIE BROWN

ATLANTA — A Kuwaiti company defrauded the United States government of tens of millions of dollars by exaggerating the cost of providing food to troops in Iraq, Kuwait and Jordan, federal prosecutors here said Monday.

The prosecutors charged the business, the Public Warehouse Company, with six counts of fraud, saying it had "grossly overcharged" the military. The prosecutors would not provide an exact dollar amount for what they thought was the total extent of the fraud, saying the investiga-

tion was continuing.

The company, which changed its name to Agility in 2006, has received \$8.5 billion in contracts from the Department of Defense since 2003, and is one of the largest service providers to American troops in the Middle East.

F. Gentry Shelnuut, the acting United States attorney, said the charges were the result of an investigation over several years into contract abuses in the Middle East.

In a statement on Monday, the company said it was "confident that once these allegations are examined in court, they will be

found to be without merit."

The prices charged by the company "have been negotiated with, agreed to, and continually approved by the U.S. government," the statement said.

"The government has consistently found PWC's prices to be fair and reasonable," the company said.

The Department of Defense has not announced whether it will allow future contracts with the company. A current contract runs until December 2010.

The company is charged with committing major fraud, conspir-

acy to defraud the government, making false statements, submitting false claims and wire fraud.

Barbara E. Nelan, assistant United States attorney, said that during a 41-month period from 2003 to 2007, the company deprived the government of \$62.2 million by inflating the cost of local fruits, vegetables and other perishable items.

"That was just 41 months of the 76 months that a contract has been in place, and it was just for one part of the fraud," she said.

The company was awarded a contract for \$934 million in 2003. It received new contracts for \$1

billion and \$6.6 billion in 2005.

Prosecutors said the company double-charged the government for certain transportation costs and did not pass along discounts that it received from vendors. The Department of Justice plans to file a related civil lawsuit against the company and may eventually file charges against individuals within the company.

"This is the first step in what we expect to be a long process," Ms. Nelan said.

Agility, a publicly traded company, says it has \$6.8 billion in annual revenues and more than 37,000 employees in 120 countries.