

UNCLASSIFIED//~~FOUO~~

# Closure Recommendation Memorandum

<b>Case Number:</b> 19-0232-C	<b>Date of Entry:</b> 28 Sept 2020
<b>Primary Investigator:</b> [redacted]	[redacted] (b)(3)

**Allegation Information** (b)(3)

**Narrative:** (b)(7)(c)

(U//~~FOUO~~) This is the civil portion of [redacted] where OIG received information alleging that [redacted] an NRO affiliated contracting company, conspired with [redacted] to charge inflated rates to the NRO. Specifically it was alleged in 2015 [redacted] did not take on a prime contract so [redacted] would be asked, [redacted] as a vendor, could charge 40% to 60% higher rates. After [redacted] became the prime on the contract, [redacted] became a subcontractor. (b)(3)

**Last Investigative Step:**

(U//~~FOUO~~) Contract documentation review

**Resolution:**

(U) Unsubstantiated

**Case Closure Recommendation Justification**

**Additional Information:**

(U//~~FOUO~~) This case was opened to support the civil side of investigation [redacted] regarding a conspiracy between [redacted] and [redacted]. That case was closed as unsubstantiated. This case remained open to determine if [redacted] potentially engaged in defective pricing by charging its own rates knowing it was utilizing subcontract labor and hidin (b)(3) that fact from the government. The OIG reviewed contract documentation that showed [redacted] told the government in (b)(7)(c) firm fixed price proposal that it was using its established commercial rates to price the contract in question. However, the proposal also stated to the government that although it was using its commercial rates to price the contract [redacted] would be utilizing subcontract labor from two companies to perform the actual tasks. The government took no issue to this approach and accepted the proposal as submitted. As such, there can be no defective price if the government had insight into how [redacted] developed its price and took no exception to it. Moreover, the contractor was never required to certify its proposal and thus cannot have provided a defective price. As a result, this case is recommended for closure as unsubstantiated.

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