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UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA ex rel. Robert Romero, Plaintiff, v. AECOM, EMERGENCY RESPONSE PROGRAM MANAGEMENT CONSULTANTS, AECOM TECHNICAL SERVICES, INC., AECOM RECOVERY, and LOUISIANA DEPARTMENT OF EDUCATION, Defendants.	Civil Action No. 16-cv-15092 Judge Fallon Magistrate Judge Roby

UNITED STATES' COMPLAINT IN INTERVENTION

1. This is an action brought by the United States of America to recover treble damages and civil penalties based on violations of the False Claims Act, 31 U.S.C. §§ 3729-33, and to recover damages under the common law theories of unjust enrichment, negligent misrepresentation, and payment by mistake.

STATEMENT OF THE CASE

2. This is a case about accountability. AECOM, one of the world's largest engineering firms, was paid over $340 million to assist the Federal Emergency Management Agency (FEMA) in disbursing taxpayer funds intended to repair facilities damaged by Hurricane Katrina in and around New Orleans, Louisiana, and to do so honestly and according to FEMA rules. But AECOM failed to uphold its end of the bargain under its contracts with FEMA.

3. When AECOM learned that statements submitted by the company contained false and fraudulent information, the company concealed its findings from FEMA. Concealing these findings caused the fraud to continue, which in turn caused FEMA to disburse tens of millions of dollars that it never would have disbursed had it been provided with truthful information. AECOM concealed the fraud it detected to protect its lucrative FEMA business. AECOM went so far as to advertise its work on these fraudulent projects to FEMA as a reason FEMA should award AECOM *more* contracts, all the while knowing that certain projects were fraudulent and that AECOM was at fault.

4. Under the lucrative contracts AECOM entered into with FEMA, AECOM was in a position of public trust on the Hurricane Katrina recovery effort, with responsibility over hundreds of millions of dollars in taxpayer funds within the FEMA Public Assistance program ("PA Program"). AECOM employees had managerial responsibility for assessing the condition of damaged facilities and recommending the obligation of taxpayer funds for the cost of repairing or replacing those facilities according to PA Program rules. Under these rules, FEMA funds were available to either repair or replace a facility damaged by the storm. In most instances, FEMA reimbursed the costs to repair a facility, and would pay to replace an entire facility only if the cost of repairing the facility exceeded 50% of the cost of replacing the facility.

5. These rules existed to ensure that the expenditure of taxpayer funds furthered FEMA's mission of assisting in recovery from a natural disaster. As a steward of taxpayer funds, FEMA required that these reimbursements be based on truthful and accurate assessments of facilities damaged by the disaster. Following these rules required AECOM to be truthful and accurate in its descriptions of the facilities it assessed.

6. AECOM was well aware of the importance FEMA placed on applying the PA Program rules and protecting taxpayer funds. AECOM knowingly entered into contracts with FEMA promising to follow the rules in exchange for hundreds of millions of dollars in contract fees. As AECOM knew, FEMA relied heavily on AECOM to do the technical day-to-day work of assessing damaged facilities and recommending taxpayer funds to repair damage. AECOM knew that FEMA resources were limited, that FEMA employees were often not employed on individual projects, and that FEMA employees were therefore unable to confirm the accuracy of the thousands of Hurricane Katrina PA Program projects. Hence, AECOM knew that FEMA relied on AECOM as the ambassador, gatekeeper, and day-to-day manager of PA Program projects. AECOM knew that its employees had to be honest and truthful. AECOM knew that FEMA intended PA Program funds to repair or replace facilities according to program rules. AECOM marketed to FEMA its ability to assess facilities according to those rules. AECOM knew that truthful and accurate facility assessments and obedience to PA Program rules were important to FEMA. AECOM eventually proved that it knew all of this by concealing its own fraud from FEMA.

7. When AECOM managers learned that the company submitted false and fraudulent information to FEMA, the company had an opportunity to correct the problems, but AECOM chose instead to cover them up. In early 2006, AECOM learned that one employee—who would become by far its most productive for Hurricane Katrina—was unlikely to follow PA Program rules and was generally a poor fit for the high-stress environment of the Hurricane Katrina recovery. Based on that knowledge, AECOM should have taken steps to ensure the

accuracy and compliance of his work, just as AECOM promised to do in its earlier contract submissions to FEMA.

8. But AECOM did the opposite. AECOM ignored additional red flags and looked the other way as this employee became by far AECOM's most productive employee on the Hurricane Katrina deployment. In just over four years of his deployment, AECOM recommended FEMA's reimbursement of over $460 million in PA Program funds based on this employee's assessments, making this employee by far AECOM's highest-producing employee on the Katrina deployment. This employee was AECOM's most productive employee for three years running and was, remarkably, more productive by hundreds of millions of dollars than other AECOM employees with much longer Katrina deployments. AECOM allowed this to occur despite consistent warnings that, unbeknownst to FEMA, this employee did not follow the rules.

9. Many of this employee's projects were fraudulent, based on fake photographs, fake facility designs, and fabricated damage descriptions. Objective evidence proves these projects were fraudulent, including—but not limited to—pictures and architectural plans showing that a basement this AECOM employee described did not exist, a concrete floating slab foundation he described did not exist, catastrophic roof damage he described did not exist, and facility square footage he described did not exist. This Complaint in Intervention details 12 of those projects ("the Subject Projects").

10. The Subject Projects were assessed and approved by AECOM years after Hurricane Katrina, not in its immediate aftermath. AECOM had ample opportunity, across many years and with ample access to the facilities at issue, to make sure that the Subject Projects were

based on truthful descriptions in accordance with PA Program rules. But AECOM chose not to do that. Indeed, AECOM managers reviewed and certified the accuracy of each and every one of the Subject Projects, often on multiple occasions.

11. Recovery School District (RSD), a recipient of PA Program funds, participated in the fraud. For example, on one of the Subject Projects, RSD pressured AECOM to erroneously find that an elementary school—which could have been repaired for less than 50% of the cost to replace the school, and therefore was eligible only for repair—was irreparably damaged so as to cause FEMA to fund a replacement. In doing so, RSD engaged in what RSD personnel described in contemporaneous internal emails as a "50% pursuit" in which it "covertly buil[t] a case for replacement," supported by misleading reports from an architecture firm. AECOM's job was to resist this kind of pressure and to truthfully describe damage according to PA Program rules. But AECOM failed to do so on this and the other Subject Projects.

12. After AECOM managers learned that the company had submitted false and fraudulent information to FEMA, an AECOM manager assigned several AECOM employees to conduct an internal review of certain projects. The internal review corroborated concerns that false and fraudulent information regarding the numerous projects had been certified by AECOM and submitted to FEMA, prompting an AECOM manager to conclude that those projects—which remained open and ongoing—should be "viewed with suspicion." AECOM concealed this information from FEMA despite the fact that notifying FEMA would have allowed the agency to correct the fraudulent statements and ensure that the Subject Projects accorded with PA Program rules.

13. At the very same time AECOM was covering up knowledge of fraudulent projects it caused FEMA to obligate, AECOM was pitching its services to FEMA for future contracts. AECOM told FEMA it would follow PA Program rules on future contracts while knowing it had already violated PA Program rules on its existing contract. What is more, AECOM included certain projects it knew to be fraudulent in its pitch to FEMA. Specifically, while concealing information about its fraud from FEMA, AECOM cited the very same projects it "viewed with suspicion" to procure further FEMA business funded by federal taxpayers.

14. With this action, the United States seeks to hold AECOM responsible for this conduct.

JURISDICTION AND VENUE

15. This Court has original subject matter jurisdiction under 31 U.S.C. § 3730 and 28 U.S.C. §§ 1331 and 1345. The Court may exercise personal jurisdiction over the defendants because each defendant resides and/or transacts business in this District, or committed proscribed acts in this jurisdiction.

16. Venue lies in this district under 31 U.S.C. § 3732(a) and 28 U.S.C. § 1391(b) and (c), as the judicial district in which each defendant can be found, resides, transacts business, and/or committed proscribed acts.

PARTIES AND RELEVANT NON-PARTIES

17. The Plaintiff in this action is the United States, suing on behalf of FEMA, an agency within the United States Department of Homeland Security (DHS). FEMA's mission is the prevention, protection, mitigation, response, and recovery from the impacts of catastrophic incidents, such as natural disasters like Hurricane Katrina. Through the PA Program, FEMA

administers disaster relief grant funds appropriated under the Robert T. Stafford Disaster Relief and Emergency Assistance Act ("Stafford Act"), 42 U.S.C. §§ 5121-5208; *see* 44 C.F.R. §§ 206.1-206.440. FEMA administers the PA Program pursuant to presidentially-declared disaster events. References to "Hurricane Katrina" in this Complaint in Intervention are to Louisiana Hurricane Katrina (DR-1603). FEMA frequently contracts with technical assistance contractors to assist in the distribution of PA Program funds to PA Program subgrantees.

18. Defendant AECOM is a multi-national provider of technical and management support services, including architecture, engineering, and consulting services in areas damaged by natural disasters. AECOM maintains a large number of contracts with the United States government, which has included contracts to provide technical assistance services for FEMA. AECOM's headquarters is located at 1999 Avenue of the Stars, Suite 2600, Los Angeles, California, 90067.

19. AECOM is the parent company to defendants Emergency Response Program Management Consultants (ERPMC), AECOM Technical Services, Inc. ("AECOM Technical Services," formerly Earth Tech, Inc.), and AECOM Recovery. As described at greater length below, under the Public Assistance Technical Assistance Contracts (the "2004 Contract", the"2006 Contract", and the "2012 Contract" or collectively the "Technical Assistance Contracts"), AECOM employed technical specialists assigned to assist FEMA in administering the PA program through ERPMC, AECOM Technical Services, and AECOM Recovery. *See infra*. ¶¶ 85-90. In this Complaint in Intervention, the United States refers to AECOM, ERPMC, AECOM Technical Services, and AECOM Recovery as "AECOM."

20. After Hurricane Katrina, FEMA issued task orders under the 2004, 2006, and 2012 Contracts to deploy AECOM employees to take on significant responsibility for administering the PA Program in and around New Orleans, Louisiana. *See infra*. ¶¶ 91-98. In exchange for providing FEMA assistance from technical specialists, AECOM has received significant compensation from FEMA. For the Hurricane Katrina deployment alone, AECOM received over $340 million of taxpayer funds.

21. The Louisiana Department of Education (LDOE) is an agency of the state of Louisiana and the administrator of the Recovery School District (RSD). RSD is a statewide school district created in 2003 and operating under the administration of LDOE. RSD was one of hundreds of subgrantees that received PA Program funding from FEMA after Hurricane Katrina. FEMA has paid RSD over $1.4 billion in PA Program funds intended to reimburse RSD for the restoration of facilities damaged by Hurricane Katrina. LDOE is located at 1201 N 3rd Street, Baton Rouge, Louisiana, 70802.

22. Relator Robert Romero is an AECOM employee. He has worked for AECOM and AECOM affiliates since 1988. In December 2010, AECOM assigned Relator to work in New Orleans. In this capacity, Romero provided technical assistance to FEMA in administering the PA Program to assist with recovery efforts after Hurricane Katrina. As part of Romero's job responsibilities as an AECOM employee in New Orleans, Romero conducted damage assessments and estimates of structures damaged by Hurricane Katrina. Romero filed his *qui tam* complaint on September 30, 2016. *See* R. Doc. 1.

LEGAL FRAMEWORK

23. The False Claims Act ("FCA"), 31 U.S.C. §§ 3729-33, is the United States' primary litigative tool for combatting false and fraudulent claims for payment against the government and for protecting taxpayer funds. As the Supreme Court has explained, the FCA broadly creates liability for "all types of fraud, without qualification, that might result in financial loss to the Government" and "all fraudulent attempts to cause the Government to pay out sums of money." *United States v. Neifert-White*, 390 U.S. 228, 232, 233 (1968).

24. The FCA establishes liability for various forms of conduct related to the submission of a false or fraudulent claim for payment from the federal government. The FCA makes a party liable for knowingly presenting false claims for federal funds, or for causing such false claims to be presented. 31 U.S.C. § 3729(a)(1) (through May 19, 2009) and 31 U.S.C. § 3729(a)(1)(A). The statute also establishes liability for knowingly making, using, or causing a false record or statement material to a false claim for federal funds. 31 U.S.C. § 3729(a)(2) (through June 7, 2008) and 31 U.S.C. § 3729(a)(1)(B).[1]

25. The FCA defines the term "material" as "having a natural tendency to influence or be capable of influencing, the payment or receipt of money or property." 31 U.S.C. § 3729(b)(4).

[1] Public Law 111-21, the Fraud Enforcement and Recovery Act of 2009 (FERA), amended the FCA on May 20, 2009. Section 4(f) of FERA set forth that Section 3729(a)(1)(B) "shall take effect as if enacted on June 7, 2008, and apply to all claims under the False Claims Act (31 U.S.C. §§ 3729 et seq.) that are pending on or after that date." Section 4(f) of FERA applies only to the United States' claims under Section 3729(a)(1)(B).

26. Under the FCA, the term "knowingly" means that a person (i) has actual knowledge of the information, (ii) acts in deliberate ignorance of the truth or falsity of the information, or (iii) acts in reckless disregard of the truth or falsity of the information. 31 U.S.C. § 3729(b) (through May 19, 2009) and 31 U.S.C. § 3729(b)(1)(A). No proof of specific intent is required to show that a person acted knowingly under the FCA. 31 U.S.C. § 3729(b) (through May 19, 2009) and 31 U.S.C. § 3729(b)(1)(B).

27. The FCA provides for a recovery of three times the damages sustained by the United States (treble damages), plus a civil penalty for each false claim. 31 U.S.C. § 3729(a) (through May 19, 2009) and 31 U.S.C. § 3729(a)(1). The civil penalty for each FCA violation is to be not less than $5,500 and not more than $11,000, *see* 31 U.S.C. § 3729, as adjusted for inflation by the Bipartisan Budget Act of 2015, Public Law 114-74 (Nov. 2, 2015); *see also* 28 C.F.R. § 85.3(a)(9), 85.5.

28. Under the False Claims Act, a civil action may not be brought (1) more than 6 years after the date on which the violation is committed, or (2) more than 3 years after the date when facts material to the right of action are known or reasonably should have been known by the official of the United States charged with responsibility to act in the circumstances, but in no event more than 10 years after the date on which the violation is committed, whichever occurs last. 31 U.S.C. § 3731(b)(1) & (2). Intervention in a relator's *qui tam* complaint, such as is the case here, causes the United States' complaint to relate back to the date of the relator's complaint, where the United States' FCA claims "arise[] out of conduct, transactions, or occurrences" alleged by the relator. 31 U.S.C. § 3731(c).

FACTUAL ALLEGATIONS

I. FEMA's Public Assistance Program Funded the Repair or Replacement of Disaster-Damaged Facilities After Hurricane Katrina.

29. Through the Stafford Act, Congress created the FEMA Public Assistance Program. Under the PA Program, FEMA pays funds to a grantee state agency to respond to and recover from presidentially-declared disasters. *See* 42 U.S.C. § 5172(a)(1)(A) (2005) ("The President may make contributions…to a State or local government for the repair, restoration, reconstruction, or replacement of a public facility damaged or destroyed by a major disaster…"). After Hurricane Katrina, FEMA paid PA Program funds to the grantee state agency Louisiana Governor's Office of Homeland Security & Emergency Preparedness (GOHSEP).

30. In turn, the grantee state awards grants to "applicant" state and local governmental entities, such as educational authorities, and private non-profit organizations, such as universities and religious groups that operate community centers or schools. 44 C.F.R. § 206.201(a) (2005). After Hurricane Katrina, an applicant approved to receive PA Program funds from FEMA and through the grantee state was then referred to as a "subgrantee." *See* 44 C.F.R. § 206.201(l) (2005).

31. PA Program funds are paid from the congressionally-appropriated Disaster Relief Fund (DRF). As described in greater detail below, *infra* ¶¶ 60-78, if FEMA obligated PA Program funds from the DRF to restore a subgrantee's facility damaged by Hurricane Katrina, GOHSEP would use the DRF funds to reimburse the subgrantees for the eligible costs. *See* 44 C.F.R. § 206.201(k) (2005).

32. The rules governing FEMA's award of PA funds after Hurricane Katrina were found in the Stafford Act; the relevant FEMA implementing regulations, including 44 C.F.R.

§§ 206.1-206.44 (2005); PA Program policies promulgated by FEMA, such as the 1999 Public Assistance Guide ("PA Guide"), the 2001 Public Assistance Digest ("PA Digest"), the 9500 series policy and guidance memos; and informal guidance issued by FEMA specific to Hurricane Katrina. AECOM agreed to comply with these rules in its contracts with FEMA. *See infra* ¶ 85-90. In this Complaint in Intervention, these authorities are collectively referred to as the "PA Program rules."

33. Under the PA Program, FEMA funded seven categories of disaster-related recovery work, which FEMA labeled Category A through Category G. For instance, Category A covered debris removal, while Category B funded emergency protective measures. Under Category E, FEMA paid the actual costs of permanent work for the restoration of disaster-damaged physical structures, such as buildings. Category E PA Program funding included funding for the repair or replacement of physical facilities that served public purposes, such as schools and custodial-care facilities. *See* 42 U.S.C. § 5172(a)(1)-(3); 44 C.F.R. § 206.221 & 206.223.

A. The PA Program Funded the Cost of Repairing or Replacing a Facility Damaged by Hurricane Katrina to Its Pre-Disaster Design.

34. Two important rules applied to Category E funding for a facility damaged by Hurricane Katrina. These two rules were the "Pre-Disaster Design Rule" and the "50% Rule."

35. First, under FEMA regulations, FEMA was authorized to fund the actual cost of work to restore a facility only "on the basis of the design of the facility as the facility existed immediately before the major disaster," and "in conformity with codes, specifications, and standards…applicable at the time at which the disaster occurred." 42 U.S.C. § 5172(e)(1)(A)(i) (2005); 44 C.F.R. § 206.226 (2005). That is, FEMA funded restorative work only if it was

required as a direct result of the presidentially-declared disaster. 44 C.F.R. § 206.223(a)(1) (2005) ("To be eligible for financial assistance, an item of work must…[b]e required as the result of the major disaster event[.]"); 1999 Public Assistance Guide, page 23 ("Work must be required as a direct result of the declared disaster."). In this Complaint in Intervention, this rule is referred to as the "Pre-Disaster Design Rule."

36. PA Program rules provided limited exceptions to the Pre-Disaster Design Rule. When a facility was deemed eligible for PA Program funds, FEMA was authorized to fund certain additional work necessary to update the facility to current codes, specifications, and standards. Additionally, if a subgrantee wanted to upgrade a facility, use PA Program funds to build a new facility in a different location, or change the function of a facility, the subgrantee could ask FEMA to fund the project as an "Improved Project" or an "Alternate Project." *See infra*. ¶¶ 65-67. These funding exceptions were subject to disclosure to, and approval by, FEMA.

37. However, the basic PA Program eligibility standard limited FEMA to reimbursing "[w]ork to restore eligible facilities on the basis of the design of such facilities as they existed immediately prior to the disaster." 44 C.F.R. § 206.226 (2005). As PA Program rules further explained, "[t]he costs of restoring damaged facilities are eligible for public assistance funding, but only on the basis of the facility's Pre-Disaster Design," which "is defined as the [facility's] size and capacity as it existed immediately prior to the disaster." Public Assistance Digest, FEMA 321, page 89 (October 2001).

38. Accordingly, under the basic PA Program eligibility standard, funding to restore damage to a facility resulting from a cause other than the disaster—such as damage that pre-

existed the storm or vandalism that occurred after the storm—was not eligible under PA Program rules. 1999 Public Assistance Guide, page 23 ("Damage that results from a cause other than the designated event, or from pre-disaster damage, is not eligible."). Nor was a subgrantee allowed to receive PA Program funds to upgrade the design, capacity, or function of a facility, except to meet updated codes, specifications, and standards, or where the subgrantee requested and FEMA approved an Improved Project.

B. The PA Program Funded the Cost of Replacing a Facility When Repair Damage Exceeded 50% of the Cost of Replacement.

39. The second important rule that applied to Category E funding for a facility damaged by Hurricane Katrina was the "50% Rule." Under the 50% Rule, FEMA was authorized to fund the cost of replacing an eligible facility only if the estimated cost of repairing the facility to its pre-disaster design, function, and capacity exceeded half of the estimated cost of replacing the facility with a new facility of the same design, function, and capacity. As PA Program rules explained, "[a] facility is considered repairable when disaster damages do not exceed 50 percent of the cost of replacing a facility to its predisaster condition, and it is feasible to repair the facility so that it can perform the function for which it was being used as well as it did immediately prior to the disaster." 44 C.F.R. § 206.226(f) (2005).

40. The comparison of the cost of repairing a facility to the cost of replacing a facility was represented as the "repair/replace ratio." The repair/replace ratio determined whether FEMA funded the cost of repairing the facility or, instead, funded the cost of replacing the facility. If the repair/replace ratio fell below 50%, PA Program rules authorized FEMA to obligate the cost of repairing the facility. If the repair/replace ratio exceeded 50%, PA Program rules authorized FEMA to obligate the cost of replacing the facility. While FEMA ultimately

funded the actual cost of the repair or replacement project, the repair/replace ratio was calculated based on the estimated costs of repairing or replacing the facility to determine whether FEMA would obligate repair or replacement funds.

41. To calculate a damaged facility's repair/replace ratio, the project officer first identified the scope of work necessary to restore the damaged facility to its predisaster design, function, and capacity. In funding a facility's repair, FEMA would pay the cost to bring the facility up to current codes, specifications, and standards, where applicable. However, those additional costs were not included in the repair estimate for FEMA's initial determination about whether to fund the repair or the replacement of a facility under the 50% Rule. *See* FEMA 9500 Series Guidance, 9524.4, The 50% Rule: The Eligibility of Facilities for Replacement Under 44 CFR 206.226(d)(1) (September 24, 1998) (previously Response and Recovery Directorate Guidance No. 4511.61E (June 1, 1995)).

42. To calculate the damaged facility's repair/replace ratio, the project officer also estimated the cost of constructing a replacement facility. PA Program rules required that the model for estimating the cost of the replacement facility was based on "a new facility of the same size or design capacity and function as the damaged facility." 1999 Public Assistance Guide, page 29.

43. If the estimated cost of repairing the facility based on its actual design and damage fell below 50% of the cost of replacing the facility, exclusive of the cost of updates for meeting current codes and standards, then under PA Program rules a subgrantee was entitled to funds to repair the facility, and FEMA was only authorized to fund repair costs. For example, if the estimated cost of replacing a damaged facility was $1 million, and the facility suffered

damage estimated to cost $200,000 to repair, the resulting repair/replace ratio of 20% would have required FEMA to obligate costs to repair the facility. In this Complaint in Intervention, a facility is referred to as a "Repair Project" if the cost to repair the facility to its pre-disaster design, function, and capacity was estimated to be 50% or less of the estimated replacement cost.

44. The majority of Category E PA Program projects for Hurricane Katrina have been Repair Projects. Repair Projects make up over 75% of the 5,000 projects that FEMA obligated under the PA Program for Hurricane Katrina. Under the PA Program, FEMA has obligated Repair Project funds for over 2,000 primary, secondary, and higher education facilities alone.

45. Alternatively, when the estimated cost to repair the facility exceeded 50% of the estimated cost to replace that facility, FEMA funded the entire actual cost of replacing the facility with a new facility to its pre-disaster design, function, and capacity as the pre-disaster facility. To use the example in Paragraph 43, if the estimated cost of replacing a damaged facility was $1 million, and the facility suffered damage estimated to cost $800,000 to repair, the resulting repair/replace ratio of 80% would have required FEMA to obligate the estimated $1 million cost to replace the facility. In this Complaint in Intervention, a facility is referred to as a "Replacement Project" if the cost to repair the facility to its pre-disaster design, function, and capacity, was estimated to exceed 50% of the estimated replacement cost.

46. Under the Pre-Disaster Design Rule and the 50% Rule, PA Program funds were not authorized to fund the costs of upgrading a subgrantee's facility. When a facility was determined to be a Repair Project, FEMA would fund the actual cost of the work necessary to restore the existing facility to its pre-Katrina design, function, and capacity, as well as restorative work necessary to conform the facility to codes, specifications, and standards in effect when the

disaster occurred. 42 U.S.C. § 5172(e)(1)(A)(i) & (ii); 44 C.F.R. § 206.226(d) (2005). When a facility was determined to be a Replacement Project, FEMA would fund the actual cost of the work necessary to provide a new facility of the same design, function, and capacity as the pre-Katrina facility.

C. PA Program Rules Required Documentation of a Damaged Facility's Pre-Disaster Design and Disaster Damage.

47. The primary tool used to document the damage, scope of Stafford Act-eligible work, and estimated repair cost of a PA Program project was FEMA Form 90-91, also called a "project worksheet" or a "PW." 44 C.F.R. § 206.202(d) (2005). Project worksheets were prepared by a project officer (also referred to as a "project specialist") in conjunction with a representative of the subgrantee. As explained in greater detail below, most project officers were employed by Technical Assistance Contractors ("TAC") like AECOM, and relatively few were employed directly by FEMA. Project officers employed by TACs like AECOM were typically architects, construction managers, engineers, cost estimators, or other professionals with relevant experience. FEMA relied on TACs to administer the PA Program according to PA Program rules.

48. A project worksheet included certain critical elements, such as the relevant subgrantee, the facility's location, the facility's description and dimensions, a description of the facility's damage directly resulting from the disaster, and the scope of work necessary to repair the facility consistent with the Pre-Disaster Design Rule. These critical elements were often supported by written descriptions and supporting documentation, such as facility photographs, architectural drawings, and contractor invoices. Each project worksheet had a unique number.

For example, the project worksheet number for RSD's Lawrence D. Crocker Elementary School Project described below was 12558.

49. A project set out in a project worksheet was any "logical grouping of work required as a result of the declared major disaster or emergency." 44 C.F.R. § 206.201(i) (2005). Projects typically had multiple project worksheet numbers for a single structure. For example, a structure could have a Category B project worksheet that identified emergency protective measures necessary in the immediate aftermath of the disaster, a Category E project worksheet that estimated damage to the building, and a Category E project worksheet that estimated damage to contents, such as furniture. This complaint in intervention focuses on Category E project worksheets for the permanent repair or replacement of storm-damaged facilities.

50. Some projects had multiple Category E project worksheets for the permanent repair or replacement of storm-damaged facilities. For example, some projects started with one Category E project worksheet number, and then multiple facilities were merged into one new Category E project worksheet with a different project worksheet number. Other projects started with multiple facilities in one Category E project worksheet and were later divided into separate Category E project worksheets with new numbers. For instance, an early estimate of damage done to the Xavier University of Louisiana ("Xavier") Gymnasium was set forth in PW 15866, as part of a project worksheet that also included other Xavier projects. The Xavier Gymnasium project was later moved to PW 19154, and then to PW 19323.

51. The second tool used to estimate the costs of repairing and replacing a facility was the "Cost Estimating Format," or "CEF." *See* 44 C.F.R. § 206.202(d). The CEF was a forward-pricing model that allowed FEMA to estimate the cost of a PA-funded construction project not

yet complete at the time of the project's obligation. In association with a project worksheet, the project officer—typically a TAC employee—created a CEF. FEMA relied on a proprietary database of construction costs, called RSMeans, as a source of estimated construction costs for both the repair and replacement estimates.

52. The project officer used the CEF to formulate both a cost estimate for repairing the facility and a cost estimate for replacing the facility. To formulate the repair estimate, the project officer listed each scope of work item necessary to restore the facility to its pre-disaster design. The scope of work item, the quantity of each item, and cost data from RSMeans yielded a "base cost" of the labor, materials, and equipment needed to repair the facility. To formulate the replacement estimate, the project officer combined certain pre-disaster elements of the damaged facility, such as its square footage, with a replacement model of a similar type of facility (*e.g.*, a school or an office building) supplied by RSMeans.

53. At his or her discretion, the project officer could conduct a 50% Rule calculation for the project. If the damage to a facility was below the 50% threshold required for replacement, the project officer could forego calculating the repair/replace ratio. Typically, though, the project officer calculated the repair/replace ratio by dividing the estimated repair cost by the estimated replacement cost. If the repair/replace ratio was 50% or less, the facility was deemed a Repair Project, and the project officer recommended the obligation of project costs associated with repairing the facility to its pre-disaster design. If the repair/replace ratio exceeded 50%, the facility was deemed a Replacement Project, and the project officer recommended the obligation of costs associated with replacing the damaged facility with a new facility with the same design, function, and capacity as the damaged facility.

54. After the project officer drafted the project worksheet, a Public Assistance Coordinator ("PAC") reviewed and certified the accuracy of the project worksheet by signing it. Like project officers, PACs were typically TAC employees. PACs supervised project officers and assigned them to projects. After the project officer drafted the project worksheet and CEF, the PAC reviewed the documents for completeness and accuracy; certified that repair and replacement scopes of work were consistent with PA Program rules, including the Pre-Disaster Design Rule and the 50% Rule; and recommended that FEMA obligate the project. The signed PW would serve as a recommendation from the project officer's and PAC's TAC to FEMA regarding the eligibility of the subgrantee's project for PA Program funding.

55. Next, the project officer provided the draft project worksheet and CEF to the subgrantee's representative for review. The subgrantee representative could disagree with the damage assessment, scope of work, and/or cost estimate in the project worksheet and CEF, and ask the project officer to revise the project worksheet and CEF. Or the subgrantee representative could certify, by signing the project worksheet, that the representative was knowledgeable of PA Program funding rules, reviewed the project worksheet, and understood that all expenditures claimed in the PW were consistent with the procedures outlined in relevant state and federal rules.

56. A GOHSEP representative also reviewed and certified the project worksheet and CEF. The GOHSEP representative was responsible for explaining Louisiana's requirements related to funding and providing assistance to the subgrantee.

57. Once each of these officials certified the project worksheet and CEF, the project officer printed paper copies of the documents and saved digital copies of each document to digital media. Data entry personnel entered the documents into FEMA's project database.

58. Once entered into FEMA's project database, the project was routed for approval through several specialized review queues. These review queues included environmental review, hazard mitigation review, quality assurance/quality control ("QA/QC") review, and insurance review. TAC employees typically staffed these specialized review queues. These specialized review queues were not designed or expected to detect untruthful statements regarding the facility's pre-disaster design and storm damage. For example, the QA/QC reviewer was responsible for ensuring that the project officer's recommended scope of work was consistent with the project officer's design and damage description. The QA/QC reviewer did not visit the facility, as the project officer typically did. Nor was the QA/QC reviewer typically trained in a technical specialty that would allow the reviewer to assess the validity of the project officer's damage description, repair scope of work, or repair and replacement estimates. Rather, the QA/QC reviewer's review assumed that the project officer accurately described the facility's pre-disaster design and storm damage.

59. After the project officer, PAC, subgrantee representative, and GOHSEP representative reviewed and certified the project worksheet and CEF, and after the project worksheet passed through the specialized review queues, then a FEMA official obligated the project. The FEMA approving officials, John Connolly and Eddie Williams, were unable to confirm the accuracy of the thousands of project worksheets for the thousands of Hurricane Katrina PA Program projects. Rather, these FEMA approving officials obligated PA Program

projects in reliance on the certification from the project officer, PAC, subgrantee representative, and GOHSEP representative that the project worksheet accurately described the facility's design and the scope of work necessary to repair or replace the facility to its pre-disaster design.

D. A Subgrantee's Request for PA Program Funds Spanned Multiple Project Worksheet Versions and Multiple Reimbursement Requests to GOHSEP.

60. Regardless of whether a restoration project was funded as an actual cost Repair or Replacement Project, or as an Improved or Alternate Project, the process of the subgrantee requesting PA Program funds was an iterative, multi-step process that often took several years to complete. This process by which the subgrantee requested PA Program funds to pay for facility restoration necessarily entailed the submission of at least one project worksheet version (and usually many versions) and at least one reimbursement request, consistent with the scope of work described in the project worksheets, to GOHSEP.

61. PA Program rules described the project worksheet as the form that FEMA (assisted by TACs like AECOM), the grantee state, and subgrantee used to identify the scope of restorative work, the cost of which FEMA would reimburse. *See* 44 C.F.R. § 206.202(d) (2005). To reimburse the subgrantee using DRF funds from FEMA, GOHSEP had to consult the project worksheet to ensure that the submitted costs paid for work within the scope FEMA approved on the project worksheet.

62. A signed and certified project worksheet was a prerequisite and a necessary first step for every PA Program project. FEMA could not obligate PA Program funds without the submission of a project worksheet. GOHSEP could not reimburse the subgrantee's costs without an obligated project worksheet to permit the funding.

63. The PA Program permitted multiple channels for reimbursing a subgrantee's costs, and a project worksheet was required in each funding channel. The PA Program's default funding channel was actual-cost reimbursement, in which FEMA, through GOHSEP, reimbursed subgrantees for the federal share of the actual costs of repairing or replacing a facility to its pre-disaster design. The Stafford Act mandated that FEMA pay for 75% of a subgrantee's actual costs. *See* 42 U.S.C. § 5172(b). In 2007, Congress enacted legislation providing for FEMA to pay 100% of a subgrantee's actual costs associated with four disasters, including Hurricane Katrina. *See* Pub. L. No. 110-28, § 4501, 121 Stat. 112, 156 (2007).

64. The submission of a signed and certified project worksheet was the necessary first step and prerequisite to a subgrantee obtaining FEMA PA Program funds to reimburse the actual costs of repairing or replacing a facility. The subgrantee obtained FEMA reimbursement through the state grantee, GOHSEP. Specifically, after FEMA obligated a project worksheet, the subgrantee submitted documentation of its construction costs to GOHSEP. GOHSEP reviewed the project worksheet to ensure that the submitted costs fell within the scope of work obligated for reimbursement by FEMA. If the costs were within the scope of work, GOHSEP reimbursed the subgrantee using DRF funds granted by FEMA. GOHSEP could not reimburse the subgrantee for any costs outside the FEMA-approved scope of work in the project worksheet.

65. In addition to the actual cost reimbursement for Repair and Replacement Projects, other PA Program funding channels also required a signed and certified project worksheet. For example, PA Program rules allowed FEMA to fund an Improved Project, capped at the estimated costs of completing eligible work identified in the project worksheet. An Improved Project allowed the subgrantee to make improvements to a damaged facility that exceeded the cost of

restoring that facility to its pre-disaster design or to relocate the function of the facility to a new location. The subgrantee had to explicitly request and receive approval by GOHSEP, and under certain circumstances from FEMA, to fund an Improved Project.

66. PA Program Rules also allowed FEMA to fund an Alternate Project, if the subgrantee determined that the public welfare would not be best served by repairing or replacing a damaged facility or its function. With some exceptions, Alternate Projects were subject to the lesser of either a reduction of the federal share of the eligible estimated costs of restoring the damaged facility to its pre-disaster design, or to the actual cost of completing the Alternate Project. To obtain Alternate Project funding, at the subgrantee's request, GOHSEP, as the grantee, was required to make a formal request to FEMA, which could approve the request.

67. For Improved and Alternate Projects, the submission of a signed and certified PW was the necessary first step and prerequisite to determining the eligible work and, therefore, to a subgrantee obtaining FEMA PA Program funds. GOHSEP could not reimburse the subgrantee for any Alternate or Improved Project costs outside the FEMA-approved scope of work in the project worksheet.

68. In 2008, Congress allowed educational institutions to receive a "single payment" of PA funding covering multiple facilities (referred to as the "Single Settlement"), instead of receiving actual cost reimbursement on a project-by-project basis. *See* Pub. L. No. 110-161, § 552, 121 Stat. 1844, 2081 (2008). FEMA funded the resulting Single Settlement to Orleans Parish School Board (OPSB) and RSD as Alternate Projects. The submission of a signed and certified PW was the necessary first step and prerequisite to OPSB and RSD obtaining FEMA PA Program funds under the Single Settlement. GOHSEP could not release PA Program funds

to OPSB and RSD pursuant to the Single Settlement outside the scope of eligible damage identified in the Single Settlement project worksheets.

69. Most project worksheets involved multiple versions, regardless of whether a project was funded as an actual cost Repair or Replacement Project, as an Improved or Alternate Project, or as part of the Single Settlement. A project worksheet could require a new version for a variety of reasons. Some project worksheet versions involved ministerial steps that did not require assessing the design and damage to the facility or recommending a scope of repair work. For example, a project worksheet may have included at least one version accounting for any insurance proceeds the subgrantee could apply to the project, to ensure that the subgrantee did not receive PA Program funds duplicative of any insurance proceeds. *See* 42 U.S.C. § 5155 (2005) (prohibiting the duplication of disaster assistance and insurance benefits); 44 C.F.R. § 206.191(c)(1) (2005) (setting out FEMA policy against the duplication of disaster assistance and insurance benefits).

70. Other project worksheet versions were prepared based on re-assessments or revisions to a prior project worksheet version's FEMA-approved scope of repair or replacement work recommended by TACs such as AECOM. For example, because FEMA made every effort to ensure that a subgrantee received all PA Program funds that FEMA was authorized to obligate under PA Program rules, PA Program rules allowed the subgrantee to request a re-assessment of a facility if a prior project worksheet version failed to capture damage resulting from the disaster event. *See* 1999 Public Assistance Guide, pages 115-16 ("[W]hen a change in scope or a need for additional funding is discovered, the applicant should notify the State as soon as possible… The request should contain justification for the eligibility of the additional work or costs.").

71. When the subgrantee made such a request, the project officer—typically employed by a TAC such as AECOM—assessed the facility using available evidence and prepared a new project worksheet version adding any additional scope of work allowed under the Pre-Disaster Design Rule. The TAC-employed project officer then submitted the project worksheet version for FEMA obligation according to the process described above. *See supra* ¶¶ 47-59. Just as with other project worksheet versions, FEMA obligated these re-assessment versions in reliance on TACs, such as AECOM, abiding by PA Program rules.

72. Because this process of submitting requests for PA Program funding was iterative and involved multiple steps, TAC project officers and subgrantees had numerous opportunities to correct misstatements about the pre-disaster design of a facility or the scope of damage before GOHSEP made the final reimbursement payments using FEMA DRF funds. The subgrantee's request for PA Program funds was not complete until the subgrantee and FEMA or TAC personnel submitted the closeout version of the project worksheet, and the subgrantee completed its reimbursement requests to GOHSEP.

73. The Xavier Student Center Project provides an example of the iterative, multi-step nature of the Subject Projects. The Student Center Project began in 2006 when a project officer visited the university and ended in 2018 when Xavier completed its reimbursement requests for Student Center Replacement Project funding.

74. The initial project worksheet version PW 15679 v0 assessing the damage to the Student Center and recommending the Student Center as a Repair Project was submitted in February 2006. As described at greater length below, *see infra* ¶¶ 138-47, in March 2007 the PW 15679 v0 was incorporated into PW 15866 v0 which included many Xavier projects. In

November 2007, AECOM submitted PW 15866 v2, which, unbeknownst to FEMA, included false damage descriptions regarding the Student Center and fraudulently recommended the facility as a Replacement Project.

75. Then, in early 2010, AECOM recommended FEMA deobligate the Student Center Replacement Project scope of work from PW 15866 and move the Student Center Replacement Project scope of work from PW 15866 to a new project worksheet, PW 19093 v0. Also unbeknownst to FEMA, AECOM's PW 19093 v0 fraudulently described a non-existent basement in the Student Center, which caused FEMA to expand the scope of work and increase the obligated costs of the Replacement Project.

76. In 2010 and 2014, Xavier requested that the obligated Student Center Replacement Project funding be moved into Alternate Projects PW 19347 and PW 20898, respectively, which allowed Xavier to use the Student Center Replacement Project funding to refurbish two other facilities on campus. Xavier requested reimbursements from GOHSEP on work completed on these two facilities through October 2018, which GOHSEP reimbursed with DRF funds from FEMA initially obligated for the Student Center Replacement Project.

77. If a subgrantee or TAC learned that a project worksheet version inaccurately described a facility's design or damage, the subgrantee and TAC could have—and were obligated to—correct the inaccurate statement before the project was closed out. Indeed, as explained below, AECOM was obligated to correct any such false statements as a condition of its contract with FEMA in exchange for receiving hundreds of millions of dollars in taxpayer funds.

78. AECOM's operations chief for the Hurricane Katrina deployment, Robert Schreibeis, testified that it was his job to notify FEMA management if AECOM had recommended a FEMA obligation inconsistent with PA Program rules. As Schreibeis explained,

> I have worked with my own engineers who went through the cost estimating format and actually found mistakes in it, so at my level, in that instance, it was my job to raise that up to FEMA management.

II. AECOM Was Responsible for Making Accurate Design and Damage Assessments and Correctly Applying PA Program Rules.

A. FEMA Relied on AECOM to Administer the PA Program in Accordance with the PA Program Rules.

79. To subgrantees seeking PA Program funds, AECOM was FEMA's ambassador. AECOM was responsible for accurately assessing each facility's design and disaster damage and making recommendations to FEMA regarding the scope of work and cost of repairing those damages. As detailed below, AECOM contracted with FEMA to take on this role, was charged with tremendous responsibility in the PA Program, and was paid hundreds of millions of dollars in taxpayer funds to carry it out in compliance with PA Program rules. And the greatest responsibility for accuracy, completeness, and compliance fell on AECOM's project officers, making it particularly important that AECOM managed its project officers to ensure they followed PA Program rules. As one AECOM manager explained to AECOM PACs and project officers, "[w]e are all here to solve problems and tasked with the responsibility to use available channels in finding solutions to issues. The buck stops with us."

80. FEMA had to rely on TACs such as AECOM for the PA Program to work. In the years following President George W. Bush's declaration of a major disaster in Louisiana due to Hurricane Katrina on August 29, 2005, FEMA has paid more than $9.2 billion in PA Program

funds and has received approximately 75,000 project worksheet versions related to requests for PA Program funds to help subgrantees recover from the storm. FEMA was unable to directly employ enough individuals with the appropriate technical expertise to describe the pre-disaster design of and identify the disaster damage to each affected facility, nor enough employees with the appropriate technical expertise to independently review each project worksheet version and ensure that the project worksheets accurately described the design and damage to each affected facility. FEMA relied on TACs such as AECOM to carry out this enormous recovery effort.

81. The division of FEMA and TAC employees who have staffed the PA Program reflects FEMA's reliance on TACs to administer the PA Program. Of the FEMA and contractor personnel that have staffed the PA Program to administer project funding for damage caused by Hurricane Katrina, less than one-quarter have been employed directly by FEMA and mostly in non-technical positions. By contrast, over three-quarters of the PA Program staff have been TAC employees. Additionally and crucially, TAC employees, including AECOM employees, have supplied the architectural, engineering, construction, and project management expertise needed to describe the pre-disaster design of and identify the disaster damage to affected facilities and to recommend the scope of work necessary to restore these facilities.

82. Hence, FEMA depended on AECOM in two important ways. First, FEMA depended on AECOM to provide engineering, architectural, supervisory, and other technical expertise involved in assessing a facility's disaster damage and recommending the scope of work necessary to restore each facility to its pre-disaster design. Second, FEMA depended on the large number of technical personnel that AECOM provided to administer the thousands of PA Program projects requested by subgrantees.

83. In addition to limited staffing capacity, FEMA had limited funds to disburse for restoration of facilities damaged by Hurricane Katrina. FEMA was limited to obligating and disbursing only the funds Congress appropriated to the DRF. FEMA relied on TACs to safeguard those funds and ensure their proper disbursement consistent with PA Program rules.

84. TAC employees drafted and reviewed the vast majority of the approximately 75,000 project worksheet versions that precipitated FEMA's obligation of PA Program funds. FEMA employees could not confirm the accuracy of these project worksheet versions. FEMA relied on TACs such as AECOM to administer these projects according to the rules. TACs such as AECOM provided the labor and expertise to administer PA Program projects, and accordingly took on the responsibility of making sure these projects were administered according to PA Program rules.

B. AECOM Expressed Its Understanding of, and Responsibility for, Applying PA Program Rules in Contracts and Task Orders.

85. AECOM sought out and took on the responsibility of administering the PA Program. Under contracts with FEMA and the resulting task orders, AECOM took on the responsibility of managing PA Program projects and doing so according to PA Program rules. In exchange for taking on this responsibility, AECOM was paid hundreds of millions of dollars in taxpayer funds.

86. AECOM provided technical assistance to FEMA from at least 2004 to 2019 through three Indefinite Delivery/Indefinite Quantity ("ID/IQ") contracts. In 2004 and then again in 2006, ERPMC, a joint venture between DMJM H&N Associates, an AECOM subsidiary, and Earth Tech, Inc. ("Earth Tech"), sought and was awarded FEMA technical

assistance contracts. These 2004 and 2006 contracts were ID/IQ No. HSFEHQ-04-D-0128 to ERPMC ("2004 Contract") and ID/IQ No. HSFEHQ-06-D-0488 ("2006 Contract").

87. In July 2008, AECOM acquired Earth Tech. AECOM changed Earth Tech's name to AECOM Technical Services. AECOM maintained the continuity of Earth Tech's operations under AECOM Technical Services.

88. AECOM's acquisition of Earth Tech brought ERPMC and its legal obligations—including the duties set out in the 2004 and 2006 Contracts—under AECOM's full control. AECOM maintained ERPMC's operations under the 2004 and 2006 Contracts after AECOM took control of Earth Tech, with ERPMC maintaining the same staff and contract responsibilities on the Hurricane Katrina PA Program. After the acquisition, AECOM performed the 2004 and 2006 Contracts under the name AECOM Recovery, but ERPMC remained the contracting entity with FEMA.

89. In 2011, before FEMA awarded a new technical assistance contract, AECOM provided technical assistance under a bridge contract, contract number HSFEHQ-12-D-0003. ERPMC remained the formal contracting entity with FEMA under this bridge contract.

90. In 2012, AECOM, through AECOM Recovery, was again awarded a FEMA ID/IQ contract. This contract was ID/IQ No. HSFEHQ-12-D-0879 ("2012 Contract"). Under the 2012 Contract, AECOM Recovery maintained the same operations, was bound by similar contract responsibilities, and employed many of the same staff members, as ERPMC had under the 2004 and 2006 Contracts.

91. Under the 2004, 2006, and 2012 Contracts, AECOM contracted to provide technical assistance consistent with PA Program Rules, including the Pre-Disaster Design Rule

and the 50% Rule. AECOM's contract proposals, the provisions of AECOM's Technical Assistance Contracts, and the requirements outlined in the Hurricane Katrina task orders show that AECOM was aware (i) of PA Program rules, (ii) that FEMA considered PA Program rules important to apply to PA Program projects, and (iii) of its own responsibility for applying PA Program rules to FEMA PA projects.

92. Each contract's scope of work was explicitly premised on FEMA's need for technical assistance with disaster relief operations in accordance with the Stafford Act. For example, in the 2006 Contract, AECOM agreed to abide by the Stafford Act, Title 44 of the Code of Federal Regulations, and FEMA policy set out in the FEMA PA Digest, the PA Guide, the FEMA Public Assistance Applicant Handbook, and the 9500 series policies and guidance memos. *See supra* ¶ 32. The scope of work also bound AECOM to prepare accurate project worksheets and CEFs supported by documentation showing the eligibility of recommended repair or replacement work.

93. Even before it was awarded the 2006 Contract, AECOM's contract proposal demonstrated AECOM's awareness of PA Program rules and their importance to FEMA. For example, the Project Management Plan, submitted as part of its proposal for the 2006 Contract, recognized that:

i. FEMA would rely on TAC personnel to support the PA Program and that, as a result, FEMA required TACs to have knowledge of the PA Program rules;

ii. AECOM personnel would be responsible for training certain FEMA personnel in PA Program rules;

iii. Developing project worksheets would comprise a significant portion of AECOM's technical assistance work, which AECOM promised to do according to "best practices" governing the technical disciplines and "in accordance with AECOM's quality control processes";

iv. Each project worksheet's recommended scope of work was work "required to repair or restore the facility to its pre-disaster design, function and capacity," supported by valid documentation; and

v. AECOM would provide "mentoring" to AECOM personnel with limited FEMA experience, which included mentoring in "Project Worksheet development," "Cost Estimating Format," and "[u]nderstanding and implementing the 50% Rule for replacement/repair of facilities."

94. The procurement for the 2012 Contract and the competition for the Hurricane Katrina task order demonstrated FEMA's emphasis on the importance of the PA Program Rules and AECOM's awareness of those rules. For instance, in the statement of work attached to the solicitation for the Hurricane Katrina task order under the 2012 Contract, FEMA provided: "The U.S. Department of Homeland Security's Federal Emergency Management Agency requires architect and engineering services to support the Public Assistance (PA) Program's disaster-related operations in accordance with the statutory authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act." The same document provided: "The Contractor shall provide professional engineers and other technical specialists to evaluate damaged public facilities and infrastructure and to recommend methods of repair or replacement pursuant to FEMA's law, regulations, and policies on eligibility… The PW is the basis for PA project funding."

95. AECOM responded to FEMA's solicitation by emphasizing their experience in Louisiana and with the PA Program rules. Specifically, AECOM's task order proposal provided that "AECOM Recovery staff also brings a working knowledge of law, regulation and policies, which is a key competency in the validation of scopes… The team must have in-depth knowledge of the Stafford Act and 44 CFR to determine PA eligibility." AECOM's proposal

promised that "AECOM Recovery project specialists will continue to be responsible for verifying that newly presented scope changes tie back to Katrina storm repair."

96. AECOM also competed for the 2018 ID/IQ Contract ("2018 Contract") through a joint venture. Although AECOM was not selected for that contract, AECOM's proposal communicated its continued understanding of the importance to FEMA of the Stafford Act rules and implementing regulations. For instance, AECOM noted that its employees "will provide services that meet the Stafford Act/policy requirements" and represented that "[o]ur highly experienced and trained personnel apply PA Program requirements (Stafford Act, regulations, PA Program and Policy Guide) effectively."

97. Consistent with the terms of AECOM's contracts with FEMA and its deep understanding of the PA Program rules, AECOM knew it was responsible for accurately describing the pre-disaster design, function, and capacity and the storm-related damage to each facility for which a subgrantee sought FEMA PA Program funds. AECOM also knew that the descriptions its project officers and PACs wrote and certified in project worksheets were the bases for the cost estimates that FEMA used to obligate PA Program Funds and that GOHSEP used to disburse DRF moneys to subgrantees.

98. AECOM received hundreds of millions of dollars to carry out its contract obligations. For the Hurricane Katrina deployment alone, AECOM received over $340 million in taxpayer funds.

C. As AECOM Was Aware, FEMA Relied on AECOM to Administer the PA Program According to PA Program Rules.

99. Based on AECOM's contract and task order obligations, AECOM had responsibility over administering PA Program projects according to PA Program rules, including

the Subject Projects detailed in § III.E below. AECOM personnel had the most responsibility in the life cycle of the Subject Projects. By contrast, personnel employed directly by FEMA usually had minimal involvement in most PA Program projects, including in the Subject Projects.

100. AECOM's responsibility began with AECOM project officers. The project officer had significant day-to-day management responsibility over PA Program projects, including the Subject Projects. AECOM project officers' responsibilities included, but were not limited to:

i. Meeting in person with subgrantee and GOHSEP representatives to initiate the subgrantee's request for PA Program funds;

ii. Observing the design and damage to the facility, usually by visiting the facility in person;

iii. Assessing and documenting in the project worksheet the pre-disaster design of a damaged facility;

iv. Assessing and documenting in the project worksheet the disaster damage to the facility;

v. Obtaining documentation to support the assessment of the facility's design and damage;

vi. Formulating the scope of the repair work on the facility according to the Pre-Disaster Design Rule;

vii. Estimating the cost of repairing damage directly resulting from Hurricane Katrina according to the Pre-Disaster Design Rule, using the CEF;

viii. Estimating the cost of replacing the facility according to the Pre-Disaster Design Rule, using the CEF;

ix. Recommending the repair or replacement of the facility according to the Pre-Disaster Design Rule and the 50% Rule;

x. Certifying that the repair and replacement scopes of work were consistent with PA Program rules, including the Pre-Disaster Design Rule and the 50% Rule; and

xi. Recommending that FEMA obligate the project.

101. AECOM PACs also had significant management responsibility over PA Program projects. AECOM PACs reviewed project worksheets for completeness and accuracy; certified that repair and replacement scopes of work were consistent with PA Program rules, including the Pre-Disaster Design Rule and the 50% Rule; and recommended that FEMA obligate the project.

102. In the 2004, 2006, and 2012 Contracts, AECOM agreed that AECOM project officers and PACs would carry out these responsibilities according to PA Program rules. In order to meet this obligation, AECOM project officers and PACs had to make truthful and accurate representations about the pre-disaster design and storm damage of facilities harmed by Hurricane Katrina. Truthful statements were necessary in following the Pre-Disaster Design Rule and the 50% Rule. To work properly, both rules required truthful statements about the design, function, and capacity of a facility as it existed before the disaster. And both rules also required truthful statements about the damage that Hurricane Katrina caused to the facility.

103. AECOM project officers' and PACs' management of PA Program projects led to FEMA's decision to obligate the projects. AECOM project officers conducted the repair estimate and calculated the repair/replace ratios for each assigned PA Program project. The repair/replace ratio was the foundation for AECOM's recommendation of whether a facility was a Repair Project or a Replacement Project—a recommendation that could determine whether FEMA obligated and paid hundreds of thousands of dollars or tens of millions of dollars on the project. While each project was reviewed by project officers in the specialized review queues, these queues were typically staffed by TAC employees. In addition, the reviewers were not privy to first-hand information about the damaged facility and were not responsible for observing the facility's design and damage.

104. Typically, only after AECOM project officers and PACs had carried out their responsibilities on a PA Program project did the FEMA approving official obligate PA Program projects. The FEMA approving official reviewed the project worksheet version for proper formatting and clarity in explaining the recommended obligation. But the FEMA approving official did not, and could not, review the project worksheet version to assess the accuracy of the design and damage description or the validity of the recommended scope of work. Rather, the FEMA approving official obligated the projects in reliance on AECOM—an experienced contractor that explicitly and repeatedly promised to enforce and comply with the PA Program rules—making accurate representations about the design and damage to the facility, the project's compliance with PA Program rules, and the subgrantee's entitlement to PA Program funds.

III. The Subgrantees Were Responsible for Receiving PA Program Funds According to PA Program Rules.

105. In addition to relying on AECOM to administer the PA Program, FEMA relied on subgrantees to comply with PA Program Rules, including the Pre-Disaster Design Rule and the 50% Rule. PA Program rules explain that, while FEMA was authorized under the PA Program to "deliver eligible assistance as quickly and efficiently as possible consistent with Federal laws and regulations," FEMA "expected the Grantee and the subgrantee to adhere to Stafford Act requirements…when administering our public assistance grants." 44 C.F.R. § 206.200(b)(1).

106. FEMA labored to carry out its mission by getting disaster assistance to subgrantees. In applying PA Program rules, FEMA endeavored to give subgrantees every opportunity to obtain the program funds to which they were entitled. For example, as explained above, FEMA accommodated subgrantee requests for facility re-assessments to ensure that the project worksheet captured all damage caused by Hurricane Katrina and that FEMA obligated all

of the funding FEMA was authorized to provide under PA Program rules. FEMA attempted to be as generous and flexible as possible with subgrantee requests for PA Program funding, while also expecting that applicants and TACs follow PA Program rules.

107. Schreibeis testified that FEMA instructed AECOM to be generous to subgrantees while also following PA Program rules. Schreibeis explained that the FEMA approving official:

> meant, in no uncertain terms, whenever any of us—as contractors, working to help an applicant, wherever we could, give it to him. Don't break the law. Don't violate the regulations. Preserve the integrity of the program. But use every available means to give them as much as you can… He never had to say ["Don't violate the program."]… We all knew it.

108. While FEMA accommodated subgrantees as much as possible consistent with PA Program rules, subgrantees such as RSD were responsible for adhering to those rules. Primarily, subgrantees such as RSD were obligated to ensure that their requests for PA Program funding were based on truthful descriptions of the damaged facilities. Subgrantees provided AECOM access to their damaged facilities and provided AECOM with evidence of the facilities' pre-disaster design and storm-related damages. A subgrantee's representative typically certified the accuracy of the damage description and repair estimate and that the funding request complied with PA Program rules.

IV. AECOM Knowingly Fabricated Facility Design and Damage Descriptions on the Subject Projects, Causing FEMA to Incorrectly Obligate Replacement Projects.

109. For each of the Subject Projects, AECOM, through its project officers and PACs, prepared multiple fraudulent repair estimates, falsely represented to FEMA that the project worksheet versions complied with PA Program rules, submitted the false project worksheet

versions to FEMA, and in so doing caused FEMA to pay more PA funds than the agency would have paid if AECOM had provided truthful statements to FEMA.

A. AECOM Ignored Numerous Red Flags Regarding AECOM Personnel in Louisiana.

110. AECOM employee Randall Krause worked on each of the Subject Projects. Krause was employed by AECOM to work on Hurricane Katrina recovery efforts in Louisiana from 2006 to 2010. For most of his time at AECOM, Krause was a project officer. In this role, Krause drafted project worksheets and recommended the obligation of hundreds of millions of dollars of FEMA PA Program Funds. AECOM received fees from FEMA under the 2004 and 2006 Contracts for Krause's work in the Hurricane Katrina PA Program.

111. Between 2007 and 2010, unbeknownst to FEMA, Krause intentionally made materially false statements in project worksheet versions—false design descriptions, false damage descriptions, and inflated scopes of work—to inflate the repair estimates for the Subject Projects. Krause purposefully inflated the repair estimates to trigger the 50% Rule and cause FEMA to obligate funds to replace the Subject Project facilities. Krause made these false statements within the scope of his employment at AECOM and with a purpose to benefit AECOM.

112. As described in more detail below, Krause's materially fraudulent statements fell into one of two main categories. First, Krause fabricated the pre-disaster design of certain facilities. For example, Krause drafted a project worksheet version for a gymnasium that falsely described the existence of a floating slab concrete foundation that did not exist. In another instance, Krause fraudulently described a 75-ton rooftop air conditioner for an Archdiocese

facility that was actually cooled by window air conditioning units. *See infra* ¶¶ 128, 150, 175. Each of these falsehoods pushed the repair/replace ratio over 50%.

113. Second, Krause fabricated descriptions of storm damage. For example, Krause untruthfully stated that wind from Hurricane Katrina lifted the roof off a school building and caused the roof irreparable damage. *See infra* ¶ 190. In fact, the facility's roof remained intact and in place during and after the storm. This and similar falsehoods pushed the repair/replace ratio over 50%.

114. With these and other untruthful statements on the Projects, Krause, on behalf of AECOM, intended to and did cause FEMA to incorrectly designate the Subject Projects as Replacement Projects rather than Repair Projects. Unbeknownst to FEMA, these fraudulent statements inflated the repair estimates of the Subject Projects, inflated the repair/replace ratios over 50%, caused FEMA to obligate Replacement Projects, and ultimately caused FEMA to contribute more taxpayer dollars than was appropriate under the PA Program rules. An honest application of the PA Program rules would have caused FEMA to designate these as lower-cost Repair Projects.

115. Just four months after AECOM hired Krause, AECOM learned that Krause would not follow PA Program rules. Krause began his PA Program deployment with AECOM predecessor Earth Tech in early January 2006. In April 2006, AECOM's operations chief for the Hurricane Katrina deployment, Robert Schreibeis, spoke with Krause's previous manager about Krause's lack of fitness for the Katrina deployment. According to his own notes of the discussion of this April 11, 2006 conversation, Schreibeis learned that Krause was a "stress victim" who had "Personality clashes," which made Krause a "Bad fit in NOLA" for the

Hurricane Katrina deployment. Most ominously, Schreibeis also learned that Krause was "[n]ot normally obsessed w/ procedure."

116. Despite these warning signs, and despite AECOM's responsibility for ensuring that its employees, including Krause, followed PA Program rules as AECOM promised to do in its contracts with FEMA, Schreibeis and AECOM kept Krause on the Hurricane Katrina deployment and did not disclose their knowledge about Krause's lack of fitness for the role to FEMA.

117. What Schreibeis learned in April 2006 about Krause's poor fit in the pressure-filled environment of the Hurricane Katrina deployment was borne out by Krause's conduct throughout his FEMA deployment. For example, during Krause's tenure on the deployment, Schreibeis witnessed Krause's peers expressing concern that Krause was resisting direction regarding the appropriate way to perform his duties. In addition, in October 2008, an AECOM project officer, Brooke Barrett, noted to an AECOM PAC, Kevin Bernardo, that Krause completed work on an especially complex project—with unusual speed; commenting "Brooke 4 months, Randall ½ day ? Whazzup with that?" Another AECOM manager instructed Barrett to provide Krause with moral and psychological support based on stress Krause suffered during the Katrina deployment. Neither AECOM nor any of these AECOM employees disclosed any of these concerns to FEMA.

118. While at the same time AECOM managers knew Krause was a poor fit, Krause was by far AECOM's most productive employee on the Hurricane Katrina PA Program. Krause was AECOM's most productive employee on both a yearly basis and overall for AECOM's *total* term as TAC during the Hurricane Katrina deployment. In 2007, 2008, and 2009, Krause was by

far AECOM's most productive project officer by a significant margin, causing FEMA to obligate over $190 million, over $150 million, and over $120 million dollars, respectively, in PA Program funds. During these years, Krause outpaced the second-most productive AECOM project officer by $60 to $70 million each year in PA Program obligations.

119. Indeed, to this day, Krause remains the most productive AECOM project officer ever deployed on the Hurricane Katrina PA program, despite working on the deployment for only four of the 15 years AECOM supported the Hurricane Katrina PA Program. During his relatively short deployment, Krause was responsible for more than 600 project worksheet versions that caused FEMA to obligate over $460 million. No other AECOM project specialist was half as productive as Krause, despite the fact that a number of AECOM project officers had much longer tenures than Krause. AECOM managers were well-aware that Krause was the most productive AECOM project officer on the Katrina deployment.

120. AECOM valued Krause's high productivity because AECOM managers knew that FEMA was under pressure to get much-needed funds obligated and disbursed to support the Katrina recovery effort. AECOM knew that FEMA was judging its performance based, in part, on the volume of project worksheets AECOM submitted. Thus, despite knowing that FEMA relied on AECOM to follow PA Program rules, AECOM's management decided to prioritize speed over accuracy and opted not to review the PWs drafted by Krause, an employee known to be "not normally obsessed with procedure," even after they learned that his peers had concerns about his methods and conduct.

121. Despite real-time evidence that Krause may not have been following protocol, and despite Krause's unusually high level of productivity, AECOM took none of the steps it was

obligated to take to ensure that Krause submitted truthful project worksheets in compliance with PA Program rules. In its offers for the 2006 Contract and the 2012 Contract, as well as in post-award materials provided to FEMA, AECOM promised to train, mentor, and provide quality control to its employees, to ensure that AECOM provided FEMA technical assistance consistent with the Pre-Disaster Design Rule and the 50% Rule. *See supra* ¶¶ 91-98. However, AECOM provided Krause no training on PA Program rules separate from training mandated by FEMA, did not provide Krause with mentoring, and, most importantly, conducted no substantive quality control over Krause's work.

B. AECOM PACs Failed to Review or Investigate Krause's Fraudulent Facility Design and Damage Descriptions on the Subject Projects.

122. Krause did not work alone to cause FEMA to obligate inflated funds for the Subject Projects. The submission and ultimate payment of inflated funds for the Subject Projects was not the result of the conduct of a single AECOM project officer, but rather the result of an organizational failure that included AECOM managers. Multiple AECOM employees reviewed and certified each of Krause's fraudulent project worksheets, including for the Subject Projects, before submitting them to FEMA. AECOM's management ignored warning signs about Krause, because AECOM believed Krause's unusual productivity was important to AECOM maintaining its lucrative business as a FEMA TAC. And then, before FEMA and GOHSEP completed paying reimbursement claims on the Subject Projects, AECOM senior management learned that the Subject Projects were fraudulent but hid that knowledge from FEMA. AECOM's decision to ignore warning signs about Krause, and then to bury its knowledge of the fraudulent Projects, was intended to help AECOM maintain its lucrative business as a FEMA TAC.

123. AECOM PACs reviewed and certified the fraudulent project worksheets for each of the Subject Projects. In the 2004, 2006, and 2012 Contracts, AECOM represented to FEMA that AECOM employees, including AECOM PACs, would provide technical assistance according to PA Program rules. *See supra* ¶¶ 85-98. AECOM received fees from FEMA under the 2004, 2006, and 2012 Contracts for these PACs' work in the Hurricane Katrina PA Program.

124. However, AECOM PACs who directly supervised Krause, acting within the scope of their AECOM employment and with a purpose to benefit AECOM, failed to comply with AECOM's obligations under the PA Program rules when they certified Krause's project worksheet versions without examining, verifying, or investigating Krause's statements to ensure that the statements were truthful. For the Subject Projects alleged below, multiple AECOM employees, including AECOM PACs, certified the accuracy and compliance of the project worksheets. FEMA relied on these certifications from the AECOM PACs in obligating the Subject Projects. The project worksheets that led FEMA to obligate the Subject Projects was not the work of a single AECOM employee but was rather AECOM's work product.

125. Had AECOM managers or PACs performed even basic due diligence on Krause's work, AECOM would have discovered that Krause was including false statements in his project worksheet versions, thereby causing AECOM to submit to FEMA materially false project worksheets. Had AECOM reviewed Krause's work, AECOM would have learned that these fraudulent statements inflated the repair estimates to inaccurately push the repair/replace ratio for the Subject Projects over 50%, thereby causing AECOM to recommend and FEMA to obligate Replacement Projects that should have been deemed eligible only as Repair Projects.

C. AECOM Managers Learned That the Subject Projects Certified by AECOM Were Fraudulent but Hid That Knowledge from FEMA.

126. AECOM managers eventually learned that the Subject Projects were fraudulent but hid that information from FEMA. In early 2010, Krause was removed from the Hurricane Katrina deployment when a QA/QC reviewer employed by a TAC other than AECOM notified FEMA that Krause had falsified items on a project worksheet. This project worksheet was never obligated and is unrelated to any of the Subject Projects. Nevertheless, as with the Subject Projects, prior to concerns being raised by another TAC, AECOM managers failed to detect that Krause had falsified this project worksheet. After learning about this incident, FEMA requested that AECOM remove Krause from the Hurricane Katrina deployment and requested that AECOM determine how the incident had occurred. In discussions concerning this incident, AECOM never notified FEMA of the red flags it previously learned suggesting that Krause had always been unfit for the Katrina deployment. *See supra* ¶¶ 115-21. Nor did AECOM notify FEMA that the company did not abide by the "quality control processes" that it outlined in its 2006 Contract proposal on Krause's many other projects. *See supra* ¶¶ 91-98, 121.

127. Shortly before Krause was removed from the Katrina deployment, and unbeknownst to FEMA, AECOM instructed manager Robert Hocker to begin investigating Krause's work. As reflected in his contemporaneous notes dated March 19, 2010, Hocker concluded that Krause demonstrated "recalcitrance, even unwillingness" in following FEMA procedures. Hocker also concluded that Krause "[m]ust be closely watched, all his work reviewed especially closely, deceptiveness. Suspicion: What is he trying to hide? PWs do not tell the full story or are intentionally deceptive." Once again, neither Hocker nor any other

AECOM employee disclosed to FEMA the steps they took to review Krause's work, or the concerns they had about what Krause was "trying to hide."

128. Before Krause was removed from the Katrina deployment, he drafted, but had not yet completed, a project worksheet for the Xavier Gymnasium Project. As discussed in greater detail below, this project worksheet fraudulently described a floating slab concrete foundation that did not exist and fraudulently described cracks in the fictitious foundation. Krause supported these fraudulent statements with unrelated photographs from the internet of other buildings that Krause fraudulently described as pictures of the Xavier Gymnasium foundation. *See infra* ¶¶ 151. Instead of revisiting and correcting this draft project worksheet based on Krause's removal, several other AECOM employees signed and certified the falsified project worksheet, which AECOM submitted to FEMA.

129. Roughly one year later, in March 2011, AECOM managers learned that Krause fraudulently supported the Xavier Gymnasium Project with photographs of other buildings from the internet, and that other AECOM employees had signed, certified, and submitted the project worksheet supported by those fraudulent photographs. Schreibeis worked with AECOM employees Hocker, Donald Hallett, Jr., Erik Jensen, and Romero to review Krause's work on the Xavier Gymnasium Project and other PA Program projects that Krause had worked on before he was demobilized. Jensen and Romero reported to Schreibeis that Krause's project worksheets showed a pattern of significant increases to repair estimates. Many of these facilities moved from Repair Projects to Replacement Projects based on AECOM's revised repair estimates written by Krause.

130. In April 2011, Hallett emailed FEMA Public Assistance Officer Eddie Williams photographs of the concrete masonry wall in the Xavier Gymnasium. Hallett did not use this or any other opportunity to disclose to Williams that AECOM managers had discovered that other photographs AECOM had previously submitted to FEMA to support the Xavier Gymnasium project worksheet were not actually photographs of the Xavier Gymnasium and had, instead, actually been downloaded from the internet. Nor did Hallett or AECOM take steps to amend or withdraw the project worksheet AECOM had previously submitted that fraudulently stated that the Gymnasium was supported by a floating slab concrete foundation.

131. Forwarding the same email Hallett sent to Williams, Schreibeis notified AECOM vice president Get Moy about the result of AECOM's internal review. No FEMA employees were copied on this email. Schreibeis explained that AECOM learned that at least one picture Krause fraudulently used on the Xavier Gymnasium Project was "bogus." Schreibeis further explained that he "since directed ERPMC staff (Jensen/Romero) to assess other Krause PWs that are still open to assess their veracity," and that "Hocker and Hallett are aware of that direction and agree." As Schreibeis was aware and explained to Moy in an email dated April 9, 2011, Krause "was the highest producing PW writer on the disaster for awhile, but he was known to be heavily biased toward applicants." Schreibeis concluded that "anything with Krause's name on it is viewed with suspicion."

132. AECOM never disclosed to FEMA its conclusion that "anything with Krause's name on it is viewed with suspicion." Nor did AECOM disclose any other information it learned during this review of Krause's work to FEMA. AECOM did not notify FEMA that, even after Krause was removed, AECOM had submitted a project worksheet using Krause's "bogus"

photos. Instead of disclosing this information to FEMA, AECOM concealed this information, thereby perpetuating the fraud.

133. In each Subject Project, after Krause was removed and after AECOM senior managers learned that Krause's "PWs do not tell the full story or are intentionally deceptive," and knew that "anything with Krause's name on it is viewed with suspicion," *see supra* ¶¶ 127, 131, AECOM submitted later project worksheet versions to support the obligation and payment of FEMA PA Program funds. For many Subject Projects, one or more AECOM employees submitted project worksheet versions. Had AECOM corrected the Krause's fraudulent projects, FEMA would have deobligated the ineligible costs and the subgrantees would have received only the FEMA PA Program funds they were actually eligible to receive. Therefore, by hiding this information from FEMA, AECOM cost FEMA tens of millions of dollars, compromised the integrity of the FEMA PA Program, and deprived FEMA of the opportunity to respond to the improper obligation of PA Program funds in real time.

D. AECOM Knowingly Certified the Fraudulent Projects, and Concealed Its Knowledge of the Fraud, for AECOM's own Benefit.

134. At the same time that it concealed this information from FEMA, AECOM boasted to FEMA about its productivity—including Krause's productivity—in seeking to secure additional FEMA contracts. For example, when AECOM competed for the Hurricane Katrina task order under the 2012 Contract, its proposal featured the work AECOM performed on educational facilities in support of the Hurricane Katrina recovery effort. AECOM outlined its vast responsibilities under the 2006 Contract and Hurricane Katrina task order, such as assessing school facilities damaged by the storm and recommending facilities for repair or replacement. AECOM also highlighted the fact that the AECOM employees had already assessed damage at

over 2,000 facilities and had worked to have FEMA obligate over $2.3 billion in PA Program funds for these facilities. Upon information and belief, these figures include the Subject Projects, which AECOM caused FEMA to obligate as Replacement Projects based on materially false statements and a failure to accurately apply the PA Program rules.

135. AECOM concealed its knowledge that Krause's "PWs do not tell the full story or are intentionally deceptive," and that "anything with Krause's name on it is viewed with suspicion," *see supra* ¶¶ 127, 131, from FEMA because the company wanted to continue to receive lucrative contracts with FEMA. AECOM contracted with FEMA to administer PA projects consistent with the Stafford Act and PA Program rules, and FEMA paid AECOM over $340 million in taxpayer dollars for this work on Hurricane Katrina projects. But AECOM failed to uphold its end of the bargain on projects Krause worked on, including the Subject Projects described below. AECOM knew that if it told FEMA that the company had caused the agency to obligate projects based on material misstatements, AECOM's failure could endanger its future business with FEMA or other federal agencies.

136. AECOM ultimately collected more than $340 million from FEMA for the Hurricane Katrina deployment, including over $190 million after the company learned that Krause falsified numerous project worksheets. All told, rather than endanger that business by disclosing or correcting its false statements to FEMA and taking responsibility for management failures, AECOM concealed material information about the falsified project worksheets it submitted and the resulting overpayments it caused FEMA to fund.

E. AECOM Fabricated Descriptions of Pre-Disaster Design and/or Disaster Damage, Causing FEMA to Pay Substantially More Than Permitted Under the PA Program Rules.

1. Xavier University of Louisiana

137. The Subject Projects include three Xavier facilities for which AECOM's false statements caused FEMA to obligate replacement funds when, in fact, the PA Program rules required FEMA only to obligate repair funds. Those facilities are the Xavier Student Center, Gymnasium, and Electrical Grid.

a. Student Center

138. Xavier's Student Center was a two-story facility with no basement. A flat bitumen roof measuring approximately 14,442 square feet covered the facility. Only one section of the Student Center roof suffered damage due to Hurricane Katrina. The facility was installed with a packaged air conditioning system. After the storm in August 2005, Xavier made extensive repairs to its campus and re-opened for classes for the spring 2006 semester. The Student Center remained empty with damaged items removed.

139. Krause drafted AECOM's initial project worksheet version for the Student Center. He described a two-story, above-ground facility for repairs. A project worksheet version prepared in December 2006 documented many damaged items and counterpart repair scope elements. These items included 4,600 square feet of the facility's roof, 42 linear feet of cabinetry and countertops in the facility's kitchen, and a 30-ton packaged air handling unit. Nowhere did AECOM describe the existence of a basement as part of the Student Center. Krause did not conduct a 50% Rule calculation on this project worksheet version.

140. Then, in two separate steps, Krause inflated the repair estimate for the Student Center and moved the repair/replace ratio over 50%. First, in September 2007, Krause wrote a new project worksheet version that falsely included numerous scope items. These fraudulent scope items included costs to demolish and replace the entire 14,442 square-foot roof, 113 linear feet of kitchen cabinetry, and a 95-ton multizone air conditioner at a cost of over 400 times the cost of the air handling unit AECOM initially recommended for repair. Based on these and other fraudulent scope items, Krause estimated repair costs of more than double the cost AECOM recommended just months earlier and calculated a repair/replace ratio of 62.1%.

141. This inflated September 2007 repair estimate triggered the 50% Rule, causing FEMA to obligate funds to replace the facility. Thus, less than six months after recommending the Student Center for repair without even calculating a repair/replace ratio, AECOM recommended replacing the Student Center based on the addition of fabricated scope items. Although Krause wrote this project worksheet version, another AECOM project officer signed as allegedly having prepared the version. Krause then signed and certified the accuracy of this fraudulent project worksheet as the AECOM PAC.

142. If AECOM had submitted this repair estimate supported by accurate scope items from the previous project worksheet version, the repair/replace ratio for the Xavier Student Center would have been no more than 45.15%, and FEMA would have obligated the Student Center as a Repair Project rather than as a Replacement Project. AECOM's false statements caused FEMA to obligate the Student Center as a Replacement Project, when Xavier was entitled only to funds for a Repair Project.

143. Second, by December 2009, Krause understood that Xavier did not intend to repair the Student Center and, instead, planned to use the FEMA-obligated funds for an Alternate Project. In order to get Xavier more money for the Alternate Project, Krause falsely stated that the Student Center included a "finished basement." Photographs of the Student Center's demolition, including the photograph included below as Figure 1 and additional photographs attached as Exhibit A—which were not included in any project worksheet versions AECOM submitted to FEMA—demonstrate that the facility did not have a basement, let alone a finished basement. In a new project worksheet version, Krause falsely stated that the previous project worksheet version omitted the non-existent Student Center basement "in error," falsely described damage to the non-existent basement, and recommended repairs for the non-existent basement.

Figure 1

144. The inflated cost of repairing this fictitious basement further increased the replacement cost for the Student Center, which in turn resulted in a new, larger FEMA increase of replacement funding for Xavier's planned Alternate Project. AECOM's false statements

caused FEMA to obligate and reimburse funds for the Student Center, which Xavier used to refurbish other campus facilities. AECOM PACs Noel Batenga and Kevin Bernardo reviewed and certified the accuracy of this fraudulent project worksheet version.

145. After AECOM learned that Krause's "PWs do not tell the full story or are intentionally deceptive," and that "anything with Krause's name on it is viewed with suspicion," *see supra* ¶¶ ¶¶ 127, 131, AECOM knowingly submitted to FEMA additional Student Center project worksheet versions incorporating Krause's fraudulent repair estimates, which Batenga and Bernardo falsely certified as accurate. For example, in August 2014, AECOM's fraudulent facility description and inflated repair estimate for the Student Center were included in an Alternate Project worksheet, which allowed Xavier to use its significantly-increased replacement-level funding to help fund a new fitness center.

146. FEMA approving official Eddie Williams obligated AECOM's fraudulent project worksheet version for the Xavier Student Center in reliance on AECOM's certification that the design and damage descriptions, recommended scope of work, and replacement recommendation were accurate and in compliance with PA Program rules. Williams was unaware of AECOM's false statements on the Xavier Student Center Project. If AECOM had disclosed this information to Williams, he would not have obligated AECOM's fraudulent Student Center project worksheet version containing ineligible costs.

147. As a direct result of AECOM's uncorrected false statements in various project worksheet versions that caused FEMA to obligate replacement rather than repair funds, Xavier was able to and did continue to seek reimbursement from GOHSEP for the Student Center Project through October 2018.

b. Gymnasium ("the Barn")

148. At the time of Hurricane Katrina, Xavier's primary indoor athletic facility was a gymnasium known as "the Barn." The Barn was built on a timber sub-floor bounded by a concrete skirt. Xavier's post-Katrina repairs in fall 2005 included repairing the Barn, which Xavier used for athletic and other events between spring 2006 and its demolition in 2013. Photographs from the Barn's demolition, including the photograph included below as Figure 2 and additional photographs attached as Exhibit B—which were not included in any project worksheet versions AECOM submitted to FEMA—show that it was built on a timber sub-floor and not supported by a concrete floor or foundation.

Figure 2

149. Through early 2009, AECOM wrote multiple project worksheet versions capturing repairs made to the Barn. These project worksheet versions referenced numerous damaged items on the Barn, but none of the project worksheet versions mentioned the existence of or damage to a concrete floor or foundation underlying the gymnasium. A number of

AECOM employees reviewed and certified the accuracy of these project worksheet versions. Based on the damages listed in these project worksheet versions, the repair estimate for the Barn fell well below 50% of the replacement cost, and AECOM recommended the Barn as a Repair Project.

150. In early 2010, Krause wrote new project worksheet versions fraudulently attesting that the gymnasium was supported by a floating slab concrete foundation and that Hurricane Katrina had caused the foundation to crack. Krause wrote one project worksheet version removing the Barn from a project worksheet incorporating a number of Xavier repair projects and wrote a separate project worksheet version amending the description of the Barn's damages. The latter project worksheet version referenced a purported concrete floor underlying the gymnasium and falsely claimed that Hurricane Katrina caused the non-existent concrete floor to crack.

151. The new project worksheet also incorporated photographs ostensibly portraying the gym's concrete floor. In fact, these photographs were not photographs of the Xavier gymnasium but were photographs of unknown structures obtained from the internet. Krause found these photographs on the internet and included them in the project worksheet to support his false statements regarding damage to the Barn. Excerpts from the fraudulent project worksheet incorporating these photographs are attached as Exhibit C. By April 2011, AECOM learned that these photographs were "bogus." *See supra* ¶ 131.

152. AECOM twice certified the fraudulent project worksheet version for this Project, both before and after Krause was removed from the Hurricane Katrina PA Program. *See supra* ¶ 126. First, in February 2010, AECOM PACs Noel Batenga and Robert Shore reviewed and

certified the accuracy of Krause's project worksheet that fraudulently asserted the existence of a concrete floor and that attached fraudulent photographs attesting to the floor.

153. Second, in May 2010—after AECOM learned, but did not disclose to FEMA, that Krause's "PWs do not tell the full story or are intentionally deceptive," and after Krause was removed from the Hurricane Katrina PA Program, *see supra* ¶¶ 126-27—AECOM project officer Jeffery Wilson and AECOM PAC Noel Batenga reviewed and certified the accuracy of a revised project worksheet version that still fraudulently described the existence of a concrete floor, included the photographs from the internet, and included a repair cost estimate for fixing cracks that did not exist in the nonexistent concrete floor. AECOM submitted this project worksheet version to FEMA, with Randall Krause still identified as the CEF writer. Based on the fraudulent inflation of the repair estimate for the Gymnasium, AECOM calculated a repair/replace ratio of 51.06% and recommended that FEMA obligate a Replacement Project.

154. Then, in May 2011, AECOM learned that Krause's photographs were "bogus" and that "anything with Krause's name on it is viewed with suspicion." *See supra* ¶ 131. Thereafter, AECOM knowingly submitted to FEMA additional Gymnasium project worksheet versions incorporating Krause's fraudulent repair estimates, which Wilson, Batenga, and Shore certified as accurate. For example, in October 2011, AECOM's fraudulent facility description and inflated repair estimate for the Barn were included in an Improved Project project worksheet version, which allowed Xavier to use its significantly increased replacement-level funding to help fund a new convocation center and gymnasium.

155. FEMA approving official Eddie Williams obligated AECOM's fraudulent project worksheet version for the Gymnasium in reliance on AECOM's certification that the design and

damage descriptions, recommended scope of work, and replacement recommendation were accurate and in compliance with PA Program rules. Williams was unaware of AECOM's false statements on the Gymnasium Project. If AECOM had disclosed this information to Williams, he would not have obligated AECOM's fraudulent Gymnasium project worksheet version containing ineligible costs.

156. If AECOM had submitted this repair estimate supported by accurate scope items from the previous project worksheet version, the repair/replace ratio for the Xavier Gymnasium would have been no more than 28.96%, and FEMA would have obligated the Gymnasium as a Repair Project. Instead, AECOM's false statements caused FEMA to obligate and reimburse Xavier as a more expensive Replacement Project.

157. As a direct result of AECOM's uncorrected false statements in various project worksheet versions that caused FEMA to obligate replacement rather than repair funds, Xavier was able to and did seek reimbursement from GOHSEP for the Gymnasium Project through June 2016.

c. Electrical Grid

158. At the time of Hurricane Katrina, Xavier's campus was powered by an underground Electrical Grid. The Electrical Grid was a single-source system, powered by a single transformer. The grid was built almost entirely underground beneath Xavier's campus, in the heart of New Orleans, and hence designed to continue to function even with the intrusion of water. Concrete duct banks enveloped the conduit containing the Grid's wiring and permitted the electrical system to function in the case of water intrusion.

159. Indeed, the Electrical Grid functioned for years after Hurricane Katrina. Xavier reopened its campus and held classes beginning in the spring 2006 semester, with the campus powered by the existing electrical grid. Xavier held athletic events in the Barn, including several years of basketball games, with the Barn powered by the existing electrical grid. In the years after the storm, AECOM submitted a number of versions of a project worksheet recommending repairs throughout Xavier's campus, some of which sought reimbursement for repairs of discrete components of Xavier's Electrical Grid made by a Xavier repair contractor after Hurricane Katrina. None of these project worksheet versions described crippling damage to the entire existing underground Electrical Grid.

160. Nevertheless, in March 2009, Krause wrote a fraudulent project worksheet version for the Electrical Grid to align the recommended replacement cost with a contractor's cost estimate for replacing the Grid. Xavier provided Krause a contractor's proposal estimating the cost of replacing the existing Electrical Grid with the more elaborate replacement grid, which was designed to accommodate Xavier's plans for expanding its campus. Krause and AECOM were responsible for ensuring that the proposed replacement was eligible under the Pre-Disaster Design and 50% Rules, which it was not.

161. Instead, AECOM, through Krause, wrote a project worksheet version that fraudulently described damage to the Electrical Grid caused by Hurricane Katrina, fraudulently described upgrades to the Electrical Grid, and fraudulently double-counted the cost of replacing the Grid's components. Noel Batenga was the AECOM PAC responsible for reviewing and certifying the accuracy of this fraudulent project worksheet version.

162. In this project worksheet version, Krause fraudulently stated that every significant element of the existing underground electrical grid was irreparably damaged and had to be replaced. For example, Krause fraudulently claimed that every manhole cover servicing the grid was damaged and had to be replaced. Krause also claimed over 2,500 linear feet of steel conduit and concrete duct were damaged and had to be replaced.

163. Krause also provided no support for his damage description. Krause did not conduct an assessment of the existing electrical grid or document any damage, let alone damage caused by Hurricane Katrina. Nor did he segregate his damage description on a component-by-component, manhole-to-manhole basis. Instead, in an effort to cause FEMA to replace all components of the Electrical Grid, Krause fraudulently asserted that each set of components had to be replaced to restore the grid to its pre-disaster condition.

164. Additionally, Krause falsely described the underground electrical grid as more elaborate than the actual design of the existing Electrical Grid. While the existing grid was a single-source system powered by one transformer with no backup source of power, Krause recommended the replacement of each component based on a grid design with a double-feeder, double-source system supported by a second transformer. To support this recommendation, Krause fraudulently stated that Xavier already owned a second transformer on its existing grid. The grid design Krause used also included additional ancillary equipment, such as additional switchgears and disconnects. Schematic drawings of the pre-Katrina Xavier electrical grid and the replacement Xavier electrical grid are attached as Exhibit D.

165. Krause also generated a fraudulent cost validation for the contractor's estimate. Krause documented a cost validation exercise that purported to show that the contractor's

estimate of the replacement grid was within 10% of the CEF estimate of such a replacement. However, this validation was based on double-counting of certain grid components. For example, Krause estimated the cost of replacing the existing Electrical Grid's high voltage cable assembly. This assembly included relevant components such as ground wires and steel conduit. But Krause also included in his estimate separate costs for the individual ground wire and steel conduit components, thereby inflating the amount of his estimate.

166. While Krause's fraudulent cost validation showed the contractor's estimate as 9.6% higher than the CEF estimate, without these duplicate costs the contractor's estimate in fact exceeded the CEF estimate by over 30%. By double-counting the cost of replacing components that were not damaged in the first place, Krause's fraudulent cost validation exercise double-charged FEMA for components that were ineligible in the first instance.

167. After AECOM learned that Krause's "PWs do not tell the full story or are intentionally deceptive," and that "anything with Krause's name on it is viewed with suspicion," *see supra* ¶¶ ¶¶ 127, 131, additional Electrical Grid project worksheet versions incorporating Krause's fraudulent repair estimates, which Batenga falsely certified as accurate, were submitted to FEMA. For example, in 2016, AECOM's fraudulent facility description and inflated repair estimate for the electrical grid were incorporated into a project worksheet version reconciling the estimated and actual costs of Xavier's replacement electrical grid. Had AECOM disclosed to FEMA that it knew "anything with Krause's name on it is viewed with suspicion," FEMA would not have obligated this later project worksheet version.

168. FEMA approving official Eddie Williams obligated AECOM's fraudulent project worksheet version for the Electrical Grid in reliance on AECOM's certification that the design

and damage descriptions, recommended scope of work, and replacement recommendation were accurate and in compliance with PA Program rules. Williams was unaware of AECOM's false statements on the Electrical Grid Project. If AECOM had disclosed this information to Williams, he would not have obligated AECOM's fraudulent Electrical Grid project worksheet version containing ineligible costs.

169. By describing every component in the electrical grid as irreparably damaged, AECOM's project worksheet version essentially recommended replacement based on a 100% repair/replace ratio and caused FEMA to obligate PA Program funds for a complete replacement of the electrical grid. AECOM provided no support to any damage it asserted. Without any such support, the repair/replace ratio of Xavier's electrical grid would have been as low as 0%, and at most well below 50%.

170. As a direct result of AECOM's uncorrected false statements in various project worksheet versions that caused FEMA to obligate funds to replace the Electrical Grid, Xavier was able to and did continue to seek reimbursement from GOHSEP for the Electrical Grid Project through July 2018.

2. Roman Catholic Church of the Archdiocese of New Orleans

171. The Subject Projects include one facility owned by the Roman Catholic Archdiocese of New Orleans (the "Archdiocese"), the St. Raphael the Archangel Cafeteria building ("St. Raphael Cafeteria"). St. Raphael Cafeteria qualified for repair funds under PA Program Rules, but AECOM's and the Archdiocese's false statements caused FEMA to obligate replacement funds.

172. St. Raphael Cafeteria was a two-story, 27,467-square-foot building designed and built over fifty years before Hurricane Katrina. At the time of Hurricane Katrina, the facility was cooled by a packaged air conditioning system with window air conditioning units, along with natural ventilation through operable windows and fans. Electricity was supplied with wiring within metal conduits, at least some of which was fastened to the exterior of the facility's glazed masonry block walls, as shown below in Figure 3. Additional photographs of the facility's electrical wiring and photographs of the facility's air conditioning system are attached as Exhibit E.

Figure 3

173. Hurricane Katrina flooded St. Raphael Cafeteria with approximately eight feet of water, which stood in the facility for two weeks after the storm. The facility's air conditioning system and electrical wiring were damaged by the storm and required installation of new window air conditioning units and new wiring. The glazed masonry block interior walls were not damaged by the storm, and the Archdiocese was able to replace the facility's electrical wiring

damaged by Hurricane Katrina while leaving the walls intact. An April 2006 project worksheet recommended these repairs, as well as the installation of drop ceilings for asbestos abatement in the first floor only.

174. In August 2007, Krause wrote a false CEF that inflated the facility's repair estimate and fraudulently recommended the facility as a Replacement Project. Without ever conducting an on-site inspection of St. Raphael Cafeteria, Krause generated the fraudulent recommendation in two separate steps, by both fraudulently inflating the repair estimate and fraudulently deflating the replacement estimate. Taken together, this inflation of the repair cost and deflation of the replacement cost generated an artificially high repair/replace ratio and falsely qualified the structure for replacement.

175. To inflate the repair estimate, Krause falsely described certain design elements in the pre-existing facility and falsely described damage that did not exist. Whereas the pre-existing facility did not have central air conditioning, the new project worksheet version fraudulently stated that the facility had a 75-ton central air conditioning unit that had been damaged in the storm and called for an entirely new system as part of repairing the facility. Whereas the facility's electrical wiring could be restored by replacing the wiring on the face of the interior walls, Krause fraudulently recommended the removal and replacement of the undamaged masonry walls. Krause also fraudulently inflated the cost and quantity of asbestos abatement that was required, even though additional abatement was not needed beyond the estimate in the initial project worksheet version.

176. Krause simultaneously deflated the cost estimate for replacing St. Raphael Cafeteria, to generate a repair/replace ratio over 50%. PA Program rules required that the model

for estimating the cost of the replacement facility was based on "a new facility of the same size or design capacity and function as the damaged facility." 1999 Public Assistance Guide, page 29. However, Krause shrunk the square footage of the replacement model, fraudulently describing the model replacement facility as 22,320 square feet, rather than the actual 27,467 square footage of the existing St. Raphael Cafeteria facility. Krause decreased the square footage to make the replacement model less expensive and to more easily justify a fraudulent Replacement Project recommendation.

177. Krause used two additional ways to fraudulently deflate the cost of the replacement model thereby making it easier to increase the repair/replace ratio over 50%. First, Krause fraudulently omitted the estimated cost of elevating the replacement facility to meet the mandatory flood elevation. Second, in RSMeans, Krause used an "office" replacement model for the facility, rather than the appropriate "school" replacement model, which lowered the estimated cost of the replacement facility further.

178. Based on these false statements, AECOM calculated a repair/replace ratio for St. Raphael Cafeteria of 57.1% and recommended the facility as a Replacement Project. AECOM PAC Maurice Rheam and AECOM project officer Kevin Bernardo reviewed and certified the accuracy of this fraudulent project worksheet version.

179. After AECOM learned that Krause's "PWs do not tell the full story or are intentionally deceptive," and that "anything with Krause's name on it is viewed with suspicion," *see supra* ¶¶ ¶¶ 127, 131, AECOM knowingly submitted to FEMA additional St. Raphael Cafeteria project worksheet versions incorporating Krause's fraudulent repair and replacement estimates, which Rheam and Bernardo falsely certified as accurate. In 2013, the actual cost of

replacing St. Raphael Cafeteria with a new 27,467-square-foot facility exceeded the costs obligated by FEMA, because, per AECOM's fraudulent deflation of the facility's replacement cost, FEMA had obligated the cost of replacing a 22,320-square-foot facility. AECOM submitted a project worksheet version that disclosed that the pre-existing facility was actually 27,467 square feet. But AECOM did not re-calculate the repair/replacement ratio for the pre-existing St. Raphael's Cafeteria. If AECOM had done so based on the correct square footage and even without correcting the 2007 project worksheet's other fraudulent statements, the repair/replace ratio would have fallen below 50%.

180. FEMA approving official Eddie Williams obligated AECOM's fraudulent project worksheet version for St. Raphael's Cafeteria in reliance on AECOM's certification that the design and damage descriptions, recommended scope of work, and replacement recommendation were accurate and in compliance with PA Program rules. Williams was unaware of AECOM's false statements on the St. Raphael's Cafeteria Project. If AECOM had disclosed this information to Williams, he would not have obligated AECOM's fraudulent St. Raphael's Cafeteria project worksheet version containing ineligible costs.

181. If AECOM had submitted this repair estimate supported by accurate scope items from the previous project worksheet version, the repair/replace ratio for St. Raphael Cafeteria would have been no more than 33.8%, and FEMA would have obligated the Cafeteria as a Repair Project. Instead, AECOM's false statements caused FEMA to obligate each of these project worksheets and to reimburse the Archdiocese for a more expensive Replacement Project.

182. As a direct result of AECOM's uncorrected false statements in various project worksheet versions that caused FEMA to obligate replacement rather than repair funds, the

Archdiocese was able to and did continue to seek reimbursement from GOHSEP for the St. Raphael Cafeteria Project through September 2015.

3. Recovery School District

183. The Subject Projects include five Recovery School District ("RSD") facilities that PA Program Rules required FEMA only to repair, but that AECOM's and RSD's false statements caused FEMA to replace. Those facilities are Lawrence D. Crocker Elementary School, the Florence J. Chester Elementary School Classroom Building, the Florence J. Chester Elementary School Cafeteria, the Edward Livingston Middle School Main Building, and Fannie C. Williams Middle School.

a. Lawrence D. Crocker Elementary School

184. The Lawrence D. Crocker Elementary School ("Crocker") was a two-story school facility built in 1970. Hurricane Katrina flooded the facility with roughly four feet of water. The facility's roof did not suffer significant damage from storm winds and was able to protect the facility's second floor from extensive rain damage. While the storm damaged certain roof fixtures, the roof itself remained intact.

185. In 2006, a project specialist physically inspected Crocker. A project worksheet version signed by multiple AECOM employees and an RSD representative explicitly stated that wind did not appear to damage Crocker's roof. Photographs showing the intact condition of the roof are attached as Exhibit F. Consistent with the good condition of the roof after the storm, the second floor of Crocker suffered only minor water damage to approximately 100 square feet of ceiling tile.

186. This project worksheet version also carefully described the facility's interior components, which included a split-system air conditioner with wall-mounted units and pendant mounted fluorescent light fixtures. The project officer calculated a repair/replace ratio of 29.4% and recommended the facility for repair.

187. An RSD representative certified the accuracy of this project worksheet version, including the lack of damage to Crocker's roof. The next year, in December 2007—over two years after Hurricane Katrina—an RSD representative confirmed in email correspondence that Crocker did not suffer roof damage during Hurricane Katrina.

188. However, in approximately spring 2008, RSD engaged in a concerted effort to pressure FEMA to obligate the cost of replacing Crocker. In internal email correspondence, RSD called this effort its "50% pursuit" intended to "generate money to the RSD now." As part of this "50% pursuit," RSD and a GOHSEP representative took steps to "covertly build[] a case for replacement." The email correspondence in which the GOHSEP representative described this "case for replacement" included the instruction, "THIS IS NOT TO BE DISTRIBUTED TO FEMA." As the GOHSEP representative explained, "Goal, then, is to push to 50+ big time."

189. RSD's "50% pursuit" included misrepresenting to FEMA that Crocker's roof was damaged irreparably by Hurricane Katrina. RSD procured two misleading engineer reports suggesting that Crocker's roof was damaged by Hurricane Katrina.

190. In April 2009, in a new project worksheet version, Krause inflated the repair estimate for Crocker. He did so principally in two ways. First, Krause falsely stated that Hurricane Katrina lifted the Crocker's roof off the facility's frame, stretched the roof, and so caused "ripples to develop" requiring the roof's complete replacement. By claiming damage to

Crocker's roof that did not occur, Krause was able to fraudulently describe damage to the second floor that also did not occur. Krause untruthfully stated that fluorescent fixtures, floor tile, ceiling tile, wood cabinets, bulletin boards, and chalk boards on the second floor were ruined by water damage. Krause falsely stated that the writer of the 2006 project worksheet version missed these damaged items because the facility was dark and obstructed by debris.

191. Second, Krause made up components of the facility, pretended that those non-existent components were damaged, and recommended those components for replacement. For example, whereas Crocker was actually outfitted with a split air conditioning system with wall-mounted units, Krause falsely described a more expensive integrated air conditioning system. Similarly, although Crocker actually had pendant mounted fluorescent light fixtures, Krause dishonestly described damage to non-existent, more expensive concealed fluorescent light fixtures. By calling for repairs to more elaborate and expensive components than actually existed at Crocker, Krause inflated the facility's repair estimate.

192. Based on the fraudulent inflation of the repair estimate for Crocker, AECOM calculated a repair/replace ratio of 51.3% and recommended FEMA obligate a Replacement Project. AECOM PACs Kevin Bernardo and Christopher Bricker reviewed and certified the accuracy of this fraudulent project worksheet version.

193. After AECOM learned that Krause's "PWs do not tell the full story or are intentionally deceptive," and that "anything with Krause's name on it is viewed with suspicion," *see supra* ¶¶ ¶¶ 127, 131, AECOM knowingly submitted to FEMA additional Crocker project worksheet versions incorporating Krause's fraudulent repair estimates, which Bernardo and Bricker falsely certified as accurate. For example, in August 2011, AECOM submitted a project

worksheet version regarding the use of funds to demolish Crocker. LDOE, as administrator of RSD, was able to and did continue to seek reimbursement from GOHSEP for the Crocker project worksheet through December 2012.

194. Krause's fraudulent replacement estimate of Crocker was incorporated into the Single Settlement after AECOM learned Krause's "PWs do not tell the full story or are intentionally deceptive." *See supra* ¶ 127. The Single Settlement has undergone additional versions since AECOM learned that "anything with Krause's name on it is viewed with suspicion." *See supra* ¶ 131.

195. FEMA approving official Eddie Williams obligated AECOM's fraudulent project worksheet version for Crocker in reliance on AECOM's certification that the design and damage descriptions, recommended scope of work, and replacement recommendation were accurate and in compliance with PA Program rules. Williams was unaware of AECOM's false statements on the Crocker Project. If AECOM had disclosed this information to Williams, he would not have obligated AECOM's fraudulent Crocker project worksheet version containing ineligible costs.

196. If AECOM had submitted this repair estimate supported by accurate scope items from the previous project worksheet version, the repair/replace ratio for Crocker would have been no more than 43.33%, and FEMA would have obligated Crocker as a Repair Project. Instead, AECOM's false statements caused FEMA to obligate and reimburse Crocker as a more expensive Replacement Project.

197. As a direct result of AECOM's uncorrected false statements in various project worksheet versions that caused FEMA to obligate replacement rather than repair funds, LDOE,

as administrator of RSD, was able to and did continue to seek reimbursement from GOHSEP for costs obligated under the Single Settlement.

b. Florence J. Chester Elementary School Classroom Building

198. Florence J. Chester Elementary School consisted of five facilities. The main facility was a two-story classroom building ("Chester Classroom Building") built in 1958. Hurricane Katrina flooded the Chester Classroom Building with about three feet of water, requiring substantial repairs to items on the first floor like ceiling and floor tile and electrical components. The storm also caused a small amount of wind damage requiring repairs and, at most, minor damage to the facility's second floor.

199. At some point after Hurricane Katrina, vandals stole components from the facility's air conditioning, plumbing, and electrical systems. PA Program rules did not permit the reimbursement of costs to repair these vandalism damages because these damages were not the direct result of Hurricane Katrina.

200. A number of project officers from AECOM and other TACs reviewed and certified the accuracy of the Chester Classroom Building's design and storm damages described above. For example, in March 2007, a project officer employed by another TAC physically inspected the Chester Classroom Building. This project officer drafted, signed, and certified the accuracy of a project worksheet version stating that the facility's second floor suffered little damage. In February 2008, another project officer reviewed and certified a project worksheet version describing the vandalism damage. Based on these damage estimates, the Chester Classroom Building was appropriately designated as a Repair Project.

201. In April 2009, after an RSD representative requested a new project worksheet version to reassess the facility's damage, Krause inflated the repair estimate for the Chester Classroom Building. The very next day after the RSD representative requested a re-assessment, and without ever visiting the facility, Krause drafted a fraudulent project worksheet version that recommended the facility as a Replacement Project. Along with the RSD representative, Krause and AECOM PACs Robert Lopez and Christopher Bricker reviewed and certified the accuracy of this fraudulent project worksheet version.

202. Krause falsely described damage to the facility's second floor and fabricated significant scope of work elements to falsely request repair for non-existent damage. Krause claimed that components in every room on the second floor—cabinets, ceiling fans, countertops—were irreparably damaged and required replacement. He also stated falsely that surfaces on the second floor of the building, such as masonry walls and ceramic tile floors, were "stained" by the three feet of flood water that could not have reached the second floor. Even though the facility did not suffer significant wind damage, Krause also falsely stated that "high winds damaged the exterior envelope" of the facility.

203. Krause also lied about the vandalism damage to the facility. Krause asserted that the vandalized copper components had been "already ruined by exposure to the contaminated saltwater flood and the effect of sustained high humidity." Krause could not have made such an observation, since he never visited the facility. And even if he had visited the facility when he wrote this project worksheet version in 2009, he could not have observed damage to components that had already been removed from the facility. Based on the fraudulent inflation of the repair

estimate for the Chester Classroom Building, AECOM calculated a repair/replace ratio of 51.6% and recommended FEMA obligate a Replacement Project.

204. After AECOM learned "anything with Krause's name on it is viewed with suspicion," *see supra* ¶ 131, AECOM knowingly submitted to FEMA an additional Chester Classroom Building project worksheet version incorporating Krause's fraudulent repair estimates, which Lopez and Bricker falsely certified as accurate. For example, in August 2011, AECOM submitted a project worksheet version regarding the use of funds to demolish Chester Classroom Building. RSD sought reimbursements on the Chester Classroom Building project worksheet through May 2015.

205. Krause's fraudulent replacement estimate of Chester Classroom Building was incorporated into the Single Settlement after AECOM learned Krause's "PWs do not tell the full story or are intentionally deceptive." *See supra* ¶ 127. The Single Settlement has undergone additional versions since AECOM learned that "anything with Krause's name on it is viewed with suspicion." *See supra* ¶ 131.

206. FEMA approving official Eddie Williams obligated AECOM's fraudulent project worksheet version for the Chester Classroom Building in reliance on AECOM's certification that the design and damage descriptions, recommended scope of work, and replacement recommendation were accurate and in compliance with PA Program rules. Williams was unaware of AECOM's false statements on the Chester Classroom Building Project. If AECOM had disclosed this information to Williams, he would not have obligated AECOM's fraudulent the Chester Classroom Building project worksheet version containing ineligible costs.

207. If AECOM had submitted this repair estimate supported by accurate scope items from the previous project worksheet version, the repair/replace ratio for the Chester Classroom Building would have been no more than 43%, and FEMA would have obligated the Chester Classroom Building as a Repair Project. Instead, AECOM's false statements caused FEMA to obligate and reimburse RSD as a more expensive Replacement Project.

208. As a direct result of AECOM's uncorrected false statements in various project worksheet versions that caused FEMA to obligate replacement rather than repair funds, LDOE, as administrator of RSD, was able to and did continue to seek reimbursements from GOHSEP for costs obligated under the Single Settlement.

c. Florence J. Chester Elementary School Cafeteria Building

209. Krause falsified the Florence J. Chester Elementary School Cafeteria Building ("Chester Cafeteria Building") Project in a similar fashion to how he falsified the Chester Classroom Building Project. The Chester Cafeteria Building was a single-story cafeteria and kindergarten building installed with a rooftop air conditioner. Hurricane Katrina flooded the facility and caused minor wind damage. Like the Chester Classroom Building, vandals had stolen copper components from the facility. Multiple project worksheet versions, including versions certified as accurate by AECOM project officers and PACs, confirmed that the facility's repair/replace ratio fell well below 50% and was a Repair Project.

210. On the same day in April 2009 that RSD requested re-inspection of the Chester Classroom Building, the RSD representative who requested the Chester Classroom Building version also requested another version of the Chester Cafeteria Building to capture additional

damage. And again, without ever visiting this facility, the very next day Krause wrote a new project worksheet version that inflated the repair estimate for the Chester Classroom Building.

211. Krause fraudulently inflated the repair estimate of the Chester Cafeteria Building by making false statements similar to those he made to inflate the Chester Classroom Building estimate. Krause lied and stated that certain items that had been damaged or stolen by vandals, such as the facility's air conditioning units and heat pumps, were damaged by saltwater from Hurricane Katrina before being stolen or damaged by vandals. Again, Krause could not have made such an observation, as he had never visited the facility and, even if he had, could not have observed damage to components that had already been removed from the facility. And as this facility's air conditioning units were located on the roof, flood waters could not have submerged the units in saltwater as Krause implausibly claimed. Krause also fraudulently asserted that water-resistant kitchen components such as a stainless-steel exhaust hood and a commercial three-compartment pot sink were damaged by the storm and had to be replaced.

212. Based on the fraudulent inflation of the repair estimate for the Chester Cafeteria Building, AECOM calculated a repair/replace ratio of 59.95% and recommended FEMA obligate a Replacement Project. AECOM PACs Robert Lopez and Kevin Bernardo reviewed and certified the accuracy of this fraudulent project worksheet version.

213. RSD signed and certified the accuracy of this fraudulent project worksheet version. RSD also attached separate correspondence to Krause's fraudulent project worksheet version describing it as "very well written and comprehensively detailed," and requesting certain corrections to the CEF indicating RSD conducted a close review.

214. After AECOM learned that Krause's "PWs do not tell the full story or are intentionally deceptive," and that "anything with Krause's name on it is viewed with suspicion," *see supra* ¶¶ ¶¶ 127, 131, AECOM knowingly submitted to FEMA additional Chester Cafeteria Building project worksheet versions incorporating Krause's fraudulent repair estimates, which Lopez and Bernardo falsely certified as accurate. For example, AECOM submitted additional project worksheet versions reconciling the costs of demolishing the Chester Cafeteria Building. LDOE, as administrator of RSD, sought reimbursements on the Chester Cafeteria Building project worksheet through May 2015.

215. Krause's fraudulent replacement estimate of the Chester Cafeteria Building was incorporated into the Single Settlement after AECOM learned Krause's "PWs do not tell the full story or are intentionally deceptive." *See supra* ¶ 127. The Single Settlement has undergone additional versions since AECOM learned that "anything with Krause's name on it is viewed with suspicion." *See supra* ¶ 131.

216. FEMA approving official Eddie Williams obligated AECOM's fraudulent project worksheet version for the Chester Cafeteria Building in reliance on AECOM's certification that the design and damage descriptions, recommended scope of work, and replacement recommendation were accurate and in compliance with PA Program rules. Williams was unaware of AECOM's false statements on the Chester Cafeteria Building Project. If AECOM had disclosed this information to Williams, he would not have obligated AECOM's fraudulent Chester Cafeteria Building project worksheet version containing ineligible costs.

217. If AECOM had submitted this repair estimate supported by accurate scope items from the previous project worksheet version, the repair/replace ratio for the Chester Cafeteria

Building would have been no more than 43.27%, and FEMA would have obligated the Chester Cafeteria Building as a Repair Project. Instead, AECOM's false statements caused FEMA to obligate and reimburse the Chester Cafeteria Building as a more expensive Replacement Project.

218. As a direct result of AECOM's uncorrected false statements in various project worksheet versions that caused FEMA to obligate replacement rather than repair funds, LDOE, as administrator of RSD, was able to and did continue to seek reimbursements from GOHSEP for costs obligated under the Single Settlement.

d. Edward Livingston Middle School

219. The Edward J. Livingston Middle School main building ("Livingston Main Building") was a one-story structure built with concrete masonry unit (CMU) walls. The facility had a standing seam metal roof. A cooling tower was installed outside the facility that pumped water into the facility's air conditioning system. A photograph showing the facility's cooling tower is attached as Exhibit G.

220. Hurricane Katrina flooded the Livingston Main Building with approximately five feet of water. The damage caused by the storm could have been repaired. The facility's CMU walls required cleaning and repainting. The air conditioning system, including the cooling tower, and other components such as the chiller and ventilation fan required servicing. The storm also damaged a few panels of the steel roof, which could have been repaired.

221. A number of project officers from AECOM and other TACs reviewed and certified the accuracy of the Livingston Main Building storm damages described above. These project officers recommended repairs to the electrical and mechanical systems, the CMU walls,

cooling towers, and metal roof. These project officers recommended FEMA obligate funds to repair the Livingston Main Building.

222. In April 2008, Krause wrote a new project worksheet version that inflated the repair estimate for the Livingston Main Building. Krause's new project worksheet version made several false statements about how he formulated the revised estimate. Krause asserted that he discovered additional damage to the facility, but this statement was not true. Krause also falsely asserted that an electrical specialist and a mechanical specialist joined him at an inspection of the Livingston Main Building.

223. Krause's new, fraudulent repair estimate resulted principally from three false and inflated repair scope items he included. First, whereas the Livingston Main Building was covered by a metal roof that needed repairs to only a few panels, Krause fraudulently stated that the facility was covered by a much more expensive copper roof, and that this copper roof needed a complete replacement. Second, whereas the facility's CMU walls were fully intact and needed only cleaning, Krause asserted that the CMU walls were irreparably damaged and required 74,000 square feet worth of replacement CMU. Third, whereas the facility's cooling tower could be repaired, Krause did not even mention the facility's cooling towers, but instead fabricated a self-contained single-package air conditioning unit. These misstatements drastically increased the facility's repair estimate and, in turn, moved its repair/replace ratio over 50%.

224. Based on the fraudulent inflation of the repair estimate for the Livingston Main Building, AECOM calculated a repair/replace ratio of 55.5% and recommended FEMA obligate a Replacement Project. AECOM PACs Caro Manokian and Michelle Simpson reviewed and certified the accuracy of this fraudulent project worksheet version.

225. After AECOM learned that Krause's "PWs do not tell the full story or are intentionally deceptive," and that "anything with Krause's name on it is viewed with suspicion," *see supra* ¶¶ ¶¶ 127, 131, AECOM knowingly submitted additional Livingston Main Building project worksheet versions incorporating Krause's fraudulent repair estimates, which Manokian and Simpson falsely certified as accurate. For example, AECOM submitted additional project worksheet versions reconciling the costs of demolishing the Livingston Main Building. LDOE sought reimbursements on the Livingston Main Building project worksheet through June 2015.

226. Krause's fraudulent replacement estimate of the Livingston Main Building was incorporated into the Single Settlement after AECOM learned Krause's "PWs do not tell the full story or are intentionally deceptive." *See supra* ¶ 127. The Single Settlement has undergone additional versions since AECOM learned that "anything with Krause's name on it is viewed with suspicion." *See supra* ¶ 131.

227. FEMA approving official Eddie Williams obligated AECOM's fraudulent project worksheet version for the Livingston Main Building in reliance on AECOM's certification that the design and damage descriptions, recommended scope of work, and replacement recommendation were accurate and in compliance with PA Program rules. Williams was unaware of AECOM's false statements on the Livingston Main Building Project. If AECOM had disclosed this information to Williams, he would not have obligated AECOM's fraudulent Livingston Main Building project worksheet version containing ineligible costs.

228. If AECOM had submitted this repair estimate supported by accurate scope items from the previous project worksheet version, the repair/replace ratio for the Livingston Main Building would have been no more than 43.11%, and FEMA would have obligated the

Livingston Main Building as a Repair Project. Instead, AECOM's false statements caused FEMA to obligate and reimburse the Livingston Main Building as a more expensive Replacement Project.

229. As a direct result of AECOM's uncorrected false statements in various project worksheet versions that caused FEMA to obligate replacement rather than repair funds, LDOE, as administrator of RSD, was able to and did continue to seek reimbursements from GOHSEP for costs obligated under the Single Settlement.

e. Fannie C. Williams Middle School

230. Fannie C. Williams Middle School ("Fannie Williams") consisted of five facilities—a classroom and administration building, a library building, a cafeteria building, a gymnasium, and an auditorium. Each facility was built on a separate foundation, freestanding from each other facility, and enclosed within its own walls with exterior doors. The facilities were connected by a roof and outdoor breezeways, bordered by each facility's concrete and brick exterior walls, and contained exterior water drains. An excerpt of Fannie Williams's architectural plans showing that the school consisted of five separate facilities, and highlighting the breezeways, is attached as Exhibit H.

231. The Fannie Williams facilities were connected by a steel standing seam roof. Hurricane Katrina damaged only approximately 1,800 square feet of the roof. A February 2006 Google Earth overhead image of Fannie Williams after Hurricane Katrina showing this relatively minor roof damage is attached as Exhibit I.[2]

[2] Google Earth images of facilities damaged by Hurricane Katrina are supported by images provided by NASA and the U.S. Geological Survey. *See* https://www.nasa.gov/vision/earth/lookingatearth/katrina_google.html.

232. After Hurricane Katrina, project officers wrote separate project worksheets for each building. This was appropriate under PA Program rules, because each facility was a separate structure from each other facility.

233. The project officers who wrote the damage assessments for the separate project worksheets conducted on-site assessments and recommended repair estimates for each facility. The auditorium's repair/replace ratio exceeded 50% and was obligated as a Replacement Project. The other four facilities were obligated as Repair Projects. The repair estimates for the library and cafeteria buildings were sufficiently low that the project officer did not calculate repair/replace ratios for those facilities.

234. In June 2008, Krause wrote a fraudulent project worksheet version that falsely stated that the five Fannie Williams facilities were a single facility. Krause inflated the facilities' repair estimate and recommended the facility as a Replacement Project. Krause's false statement that the pre-existing Fannie Williams site was a single facility allowed him to fabricate a replacement facility model not based on "a new facility of the same size or design capacity and function as the damaged facility." 1999 Public Assistance Guide, page 29. This false statement, along with repair scope elements Krause falsified, inflated the repair estimate above 50% of the cost estimate of his fabricated replacement facility.

235. To support his assertion that Fannie Williams was a single facility, Krause made several false statements. Krause asserted that the facilities were "contiguous," which was false. Krause described the breezeways connecting the facilities as "hallways" and the breezeway sidewalks as "unfinished concrete floors," both of which were false. Krause asserted that the facilities "share[d] a monolithic slab, brick veneer, and steel frame," none of which was true.

Krause supported these false statements by asserting that he "obtained the original [architectural] plans" for Fannie Williams, but, in fact, Krause never obtained the facility's plans. Krause used these false statements to fabricate a replacement facility model based on a single facility.

236. To inflate the repair estimate of what he falsely described as a single pre-existing facility, Krause fabricated the scope of repair work on numerous items. As one of many examples, Krause falsely described the bleachers in the school's gymnasium as approximately twice the size of the actual damaged bleachers and recommended the cost of demolishing and replacing this significantly larger, fabricated set of bleachers. Krause also inflated the cost of repairing the Fannie Williams roof. While the roof only suffered damage to approximately 1,800 square feet, Krause fraudulently recommended the cost of repairing 15,000 square feet of roof damage.

237. Based on these false statements, AECOM calculated a repair/replace ratio for Fannie Williams, as a single facility, of 51.8% and recommended the Project as a Replacement Project. Christopher Bricker was the AECOM PAC responsible for reviewing and certifying the accuracy of this fraudulent project worksheet version.

238. After AECOM learned that Krause's "PWs do not tell the full story or are intentionally deceptive," and that "anything with Krause's name on it is viewed with suspicion," *see supra* ¶¶ ¶¶ 127, 131, AECOM knowingly submitted to FEMA additional Fannie Williams project worksheet versions incorporating Krause's fraudulent repair estimates, which Bricker falsely certified as accurate. For example, AECOM submitted additional project worksheet versions reconciling the costs of demolishing Fannie Williams. LDOE sought reimbursements on the Fannie Williams project worksheet through January 2015.

239. Krause's fraudulent replacement estimate of Fannie Williams was incorporated into the Single Settlement after AECOM learned Krause's "PWs do not tell the full story or are intentionally deceptive." *See supra* ¶ 127. The Single Settlement has undergone additional versions since AECOM learned that "anything with Krause's name on it is viewed with suspicion." *See supra* ¶ 131.

240. FEMA approving official Eddie Williams obligated AECOM's fraudulent project worksheet version for Fannie Williams in reliance on AECOM's certification that the design and damage descriptions, recommended scope of work, and replacement recommendation were accurate and in compliance with PA Program rules. Williams was unaware of AECOM's false statements on the Fannie Williams Project. If AECOM had disclosed this information to Williams, he would not have obligated AECOM's fraudulent Fannie Williams project worksheet version containing ineligible costs.

241. If AECOM had submitted this repair estimate supported by accurate scope items from the previous project worksheet version, the repair/replace ratio for Fannie Williams would have been at most well below 50%, and FEMA would have obligated Fannie Williams as a Repair Project. Instead, AECOM's false statements caused FEMA to obligate and reimburse Fannie Williams as a more expensive Replacement Project.

242. As a direct result of AECOM's uncorrected false statements in various project worksheet versions that caused FEMA to obligate replacement rather than repair funds, LDOE, as administrator of RSD, was able to and continued to seek reimbursements from GOHSEP for costs obligated under the Single Settlement.

4. Orleans Parish School Board

243. The Subject Projects include an Orleans Parish School Board ("OPSB") school building that was eligible for replacement but for which AECOM fraudulently increased FEMA's replacement, to circumvent FEMA's denial of an OPSB Alternate Project request. The school was the Edward J. Hynes Elementary School ("Hynes").

244. The pre-existing Hynes school was a three-building complex, the oldest of which was built in 1950. Collectively, the three facilities measured 66,000 square feet. Each facility was covered by a steel roof. Each Hynes facility suffered significant damage from Hurricane Katrina, leading FEMA to obligate each facility for replacement.

245. After FEMA obligated the Hynes replacement facilities, OPSB requested to use the PA funds for an Alternate Project. Under this Alternate Project request, OPSB planned to use the PA funds to rebuild a larger Hynes facility of roughly 89,000 square feet. FEMA considered this request and concluded that, under the Pre-Disaster Design Rule, the proposed increase to the new facility's size would constitute a change in Hynes's capacity. Therefore, FEMA denied OPSB's request.

246. AECOM then subverted FEMA's decision to deny OPSB's request. In June 2009, Krause wrote a new version of each Hynes project worksheet to inflate both the repair and replacement estimates. Unlike the project specialist who conducted the previous Hynes repair estimates, Krause never visited the Hynes facilities.

247. Krause inflated the estimate of the pre-existing Hynes buildings in two ways. First, Krause falsely inflated the collective size of the pre-existing Hynes facilities. Whereas the pre-existing Hynes facilities collectively measured 66,000 square feet, Krause falsely described

the buildings to measure roughly 90,000 square feet—within 1,000 square feet of the area OPSB requested as an Alternate Project. Krause's false description of the Hynes facilities as 24,000 square feet larger than they were generated a commensurate increase in the size of the replacement model Krause used to calculate the repair/replace ratio, and an increase in the replacement buildings AECOM recommended FEMA to fund. Therefore, AECOM subverted FEMA's denial of OPSB's Alternate Project—a denial that was consistent with PA Program rules—by breaking PA Program rules and falsely describing the Hynes buildings' capacity.

248. The additional 24,000 square feet of area led to a proportional increase in the quantities of numerous construction elements for the facility, such as foundation elements, plumbing and electrical fixtures, and interior walls and doors. The inflation of these quantities, in turn, inflated the overall cost estimate to repair the pre-existing Hynes facility. The inflation also increased the cost of the replacement model and the amount FEMA obligated to replace the Hynes buildings.

249. Second, to keep the repair/replace ratio inflated above 50%, and just as he did on the fraudulent Crocker project worksheet version, Krause falsely made up components of the Hynes buildings and pretended that those non-existent components were damaged. Krause removed less expensive, but accurate, repair element line-items that had been listed in the previous project worksheet versions and replaced those line items with more expensive, and less accurate, repair element line items that were unnecessary to restore Hynes to its pre-disaster design. As just one example, Krause described the Hynes facilities' roofs as copper roofs, rather than the steel roofs that the facilities actually had. Since a copper roof is more expensive than a steel roof, Krause's substitution inflated the Hynes facilities' repair estimates. Krause made

similar substitutions for numerous repair items, which kept the inflated repair/replace ratio over 50% and caused FEMA to obligate additional funding for a larger replacement facility.

250. AECOM PAC Robert Lopez reviewed and certified the accuracy of this fraudulent project worksheet version. AECOM's false damage description supported an increased repair estimate that caused FEMA to obligate the increased cost of replacing the Hynes facility.

251. After AECOM learned that Krause's "PWs do not tell the full story or are intentionally deceptive," and that "anything with Krause's name on it is viewed with suspicion," *see supra* ¶¶ ¶¶ 127, 131, AECOM knowingly submitted to FEMA additional Hynes project worksheet versions incorporating Krause's fraudulent repair estimates. For example, after AECOM learned Krause's "PWs do not tell the full story or are intentionally deceptive," Krause's fraudulent repair estimate of Hynes was incorporated into the Single Settlement. *See supra* ¶ 127. The Single Settlement has undergone additional versions since AECOM learned that "anything with Krause's name on it is viewed with suspicion." *See supra* ¶ 131. OPSB was able to and did continue to seek reimbursements from GOHSEP for costs obligated under the Single Settlement.

252. FEMA approving official Eddie Williams obligated AECOM's fraudulent project worksheet version for Hynes in reliance on AECOM's certification that the design and damage descriptions, recommended scope of work, and replacement recommendation were accurate and in compliance with PA Program rules. Williams was unaware of AECOM's false statements on the Hynes Project. If AECOM had disclosed this information to Williams, he would not have obligated AECOM's fraudulent Hynes project worksheet version containing ineligible costs.

V. AECOM's Certification of the Fraudulent Projects Caused FEMA to Obligate Replacement Projects in Violation of PA Program Rules.

A. FEMA Has Consistently Taken Action to Safeguard Limited PA Program Funds and to Ensure Compliance with PA Program Rules.

253. Through the PA Program, FEMA's mission is to contribute to the cost of repairing or replacing the damaged facilities at issue in the Subject Projects. *See* 42 U.S.C. § 5172(a)(1)(A) (2005); 44 C.F.R. § 206.226 (2005). However, the Stafford Act limits FEMA to paying the cost of repairing or replacing facilities "on the basis of the design of the facility as the facility existed immediately before the major disaster." *Id*. § 5172(e)(1)(A) (2005).

254. AECOM knew that FEMA attached importance to compliance with PA Program rules, including the Pre-Disaster Design Rule and the 50% Rule, in obligating the Subject Projects. AECOM knew that compliance with PA Program rules, including the Pre-Disaster Design Rule and the 50% Rule, is a condition of FEMA's payment of PA Program funds.

255. AECOM knew that the Pre-Disaster Design Rule was a limitation Congress set to FEMA's funding under the PA Program, including funding of the Subject Projects. FEMA was not authorized to pay PA Program funds for "an item of work" unless the work was "required as the result of the major disaster event." 44 C.F.R. § 206.223(a)(1) (2005); *see* 1999 Public Assistance Guide, page 23 ("Work must be required as a direct result of the declared disaster."). As PA Program rules further explained, "[d]amage that results from a cause other than the designated event, or from pre-disaster damage, is not eligible." 1999 Public Assistance Guide, page 23. Hence, FEMA is not authorized to fund the restoration work that AECOM recommended based on false descriptions of pre-disaster design and false descriptions of storm damage.

256. Even where PA Program rules provide alternate channels for PA Program funding, FEMA's authorized funding is limited by the Pre-Disaster Design Rule and the 50% Rule. For an Improved Project, FEMA is authorized to fund "improvements" to a damaged facility, but "Federal funding for such improved projects [was] limited to the Federal share of the approved estimate of eligible costs." 44 C.F.R. § 206.203(d)(1) (2005). For an Alternate Project, FEMA is authorized to reimburse costs a subgrantee incurs for an alternate project to better serve the public welfare than repairing or replacing the damaged facility. But this funding was limited to a reduced portion of the "Federal share of the approved Federal estimate of eligible costs." *See* 44 C.F.R. § 206.203(d)(2)(ii) (2005).

257. FEMA was not authorized to fund costs for either an Improved or Alternate Project in excess of what FEMA could have obligated to restore the original facility under the Pre-Disaster Design Rule. For both Improved and Alternate Projects, the "eligible cost[]" was always the cost of "[w]ork to restore" a facility "on the basis of the design of such facilities as they existed immediately prior to the disaster," in accordance with codes, standards, and specifications. 44 C.F.R. § 206.226 (2005). Thus, the PA Program rules authorized FEMA to fund Improved and Alternate Projects, but payments to the subgrantee could not exceed the amount the subgrantee was eligible to receive, under the Pre-Disaster Design Rule, to restore the facility to its pre-storm condition.

258. AECOM knew that FEMA consistently acted to safeguard PA Program funds and ensure those funds' disbursement consistent with PA Program rules. AECOM knew that FEMA has denied internal first- and second-level appeals for PA Program funds where evidence does not show that claimed damage occurred, or that the claimed damage was not the direct result of a

declared disaster, or where the claimed repair scope was not necessary to restore the facility to its pre-disaster design, function, and capacity. AECOM knew that FEMA has taken these same positions in arbitration proceedings before the Civilian Board of Contract Appeals (CBCA), which resolves disputes between FEMA and subgrantees regarding eligibility for PA Program funds. AECOM knew these facts because AECOM employees have assisted FEMA in these arbitrations with technical assistance and, in certain instances, testimony regarding subgrantees' facilities' eligibility for PA Program funds.

B. FEMA Has Taken Action to Ensure PA Program Funds Are Not Obtained by Fraud.

259. Accurate and truthful statements about the design, function, capacity, and disaster-related damage of the Project facilities were a prerequisite for compliance with the Pre-Disaster Design Rule and the 50% Rule, and FEMA attached importance to AECOM and the subgrantees making accurate and truthful statements about the Subject Projects.

260. AECOM knew that FEMA also attached importance to honest and accurate factual statements about a facility's pre-disaster design and storm damage, including honest and accurate representations on the Subject Projects. The Pre-Disaster Design Rule and the 50% Rule presume the honest and accurate description of the facility's design and damage caused by Hurricane Katrina. As PA Program rules explain, and as AECOM knew, to draft a project worksheet "[a] complete, accurate damage description and scope of work must be developed." 1999 Public Assistance Guide, page 71. Honest and accurate representations about a facility's design and damage were essential to the PA Program's funding scheme and FEMA's contractual reliance on AECOM to help FEMA administer the PA Program.

261. FEMA reasonably relied on AECOM and subgrantees such as RSD to make accurate and truthful factual statements about the design, function, capacity, and disaster-related damage of eligible projects. FEMA reasonably relied on AECOM to recommend the obligation of PA Program funds in a manner consistent with PA Program rules. If AECOM had disclosed to FEMA that AECOM fraudulently misrepresented the design and damage of the facilities, FEMA would not have obligated the Subject Projects.

262. Honest and accurate representations about facility's design and damage are so important to the PA Program that the Stafford Act allows FEMA to deobligate projects resulting from fraud even years after the projects are closed out. Federal law provides FEMA an administrative remedy for de-obligating PA Program funds obtained not in accordance with PA Program rules. For any non-fraudulent project, the Stafford Act provides a 3-year statute of limitations, running from the date of the project's closeout, for FEMA to pursue this remedy. But because Congress was particularly invested in recovering fraudulently obtained taxpayer funds, § 705(a)(2) of the Stafford Act removes this statute of limitations period for projects tainted by fraud. *See* 42 U.S.C. § 5205(a)(2) (completely exempting FEMA from any time limitation on asserting an administrative remedy to deobligate and recoup funds if "there is evidence of civil or criminal fraud" involved in a project).

263. Consistent with this right to pursue administrative remedies and to deobligate PA Program funds obtained through fraud, FEMA has commenced a review of AECOM's statements in the project worksheet versions of the Subject Projects. Based on FEMA's assessment of the truthfulness and accuracy of AECOM's statements of the facilities design and

damage, FEMA may assert administrative remedies and seek to deobligate PA Program funds obtained through fraud as permitted under the Stafford Act.

C. AECOM's Contract Promises Show AECOM Knew FEMA Attached Importance to the Pre-Disaster Design Rule and the 50% Rule.

264. AECOM's promises in the 2006 and 2012 Contracts, and in the 2018 Contract proposal, show that AECOM knew FEMA attached importance to the Pre-Disaster Design Rule and the 50% Rule. AECOM sought the 2004, 2006, 2012, and 2018 Contracts by representing its ability to provide technical assistance in compliance with those and other PA Program rules.

265. AECOM's Project Management Plan for the 2006 Contract recognized that FEMA would rely on AECOM employees to support the PA Program, AECOM employees would train certain FEMA employees in PA Program rules, each project worksheet's scope of work was work "required to repair or restore the facility to its pre-disaster design, function and capacity," and AECOM would mentor employees with limited FEMA experience in "[u]nderstanding and implementing the 50% Rule for replacement/repair of facilities." *See supra* ¶ 93.

266. AECOM's Hurricane Katrina task order proposal under the 2012 Contract emphasized AECOM's "working knowledge" of PA Program rules and promised that AECOM employees would "continue to be responsible for verifying that newly presented scope changes tie back to Katrina storm repair." *See supra* ¶ 95. In its joint venture proposal for the 2018 Contract, AECOM promised that its employees would "apply PA Program requirements (Stafford Act, regulations, PA Program and Policy Guide) effectively." *See supra* ¶ 96.

267. AECOM also knew about the importance of PA Program rules from the terms of the 2006, and 2012 Contracts. The statement of work attached to the 2006 Contract, which

AECOM agreed to abide by when it was awarded the 2006 Contract with FEMA, required compliance with PA Program rules and required AECOM to prepare project worksheets and CEFs showing the eligibility of recommended repair or replacement work. The statement of work attached to Hurricane Katrina task order for the 2006 Contract, which AECOM agreed to abide by when it was awarded this task order, also required AECOM to provide technical assistance in accordance with PA Program rules. *See supra* ¶ 91-92. AECOM's promises to comply with PA Program Rules, including the Pre-Disaster Design Rule and the 50% Rule, were essential to AECOM adequately performing under the 2006 and 2012 Contract and, thus, helping FEMA administer the PA Program.

D. AECOM's Concealment of Its Fraud Shows AECOM Knew FEMA Attached Importance to the Pre-Disaster Design Rule and the 50% Rule.

268. Finally, AECOM demonstrated its knowledge of the importance FEMA placed on honest and truthful statements by covering up its knowledge that Krause had falsified estimates and that his work was unreliable. As AECOM was well aware, Randall Krause "was the highest producing PW writer on the disaster for awhile," writing project worksheets for the obligation of over $460 million in PA Program funds. *See supra* ¶¶ 119, 131. In early 2010, AECOM learned that Krause "[m]ust be closely watched, all his work reviewed especially closely, deceptiveness. Suspicion: What is he trying to hide? PWs do not tell the full story or are intentionally deceptive." *See supra* ¶ 127. Then, by April 2011, AECOM confirmed that "anything with Krause's name on it is viewed with suspicion," and Schreibeis "directed ERPMC staff (Jensen/Romero) to assess other Krause PWs that are still open to assess their veracity." *See supra* ¶ 131.

269. AECOM concealed this information from FEMA. AECOM never told FEMA that AECOM employees had raised concerns and been tasked with investigating the veracity of Krause's project worksheets. AECOM never told FEMA that Krause's project worksheets "do not tell the full story or are intentionally deceptive." AECOM knew FEMA would not have obligated the Subject Projects if FEMA knew they were fraudulent. AECOM, which had received hundreds of millions of dollars in fees under the 2004, 2006, and 2012 Contracts, knew that telling FEMA the truth about the Subject Projects and other Krause project worksheets could endanger its business with FEMA.

COUNT ONE
Submission of False or Fraudulent Claims
31 U.S.C. § 3729(a)(l)(A) (2009)
(previously 31 U.S.C. § 3729(a)(1) (1986))
AECOM

270. The United States realleges each allegation in Paragraphs 1 through 269 as if set forth fully herein.

271. Defendant AECOM knowingly presented, or caused to be presented, to an officer or employee of the United States Government, false or fraudulent claims for payment or approval, in violation of the False Claims Act, because AECOM knowingly submitted project worksheet versions for the Subject Projects containing materially false or fraudulent statements regarding the design and damage to the Subject Projects' facilities to cause FEMA to pay DRF funds to subgrantees in violation of the Pre-Disaster Design Rule and the 50% Rule, 42 U.S.C. § 5172(e)(1)(A)(i); 44 C.F.R. § 206.226.

272. Because of AECOM's conduct, the United States sustained damage in an amount to be determined at trial, subject to trebling under the False Claims Act, and civil penalties of not less than $5,500 and up to $11,000 for each violation.

COUNT TWO
False Statements
31 U.S.C. § 3729(a)(l)(B) (2009)
(previously 31 U.S.C. § 3729(a)(2) (1986))
AECOM

273. The United States realleges each allegation in Paragraphs 1 through 269 as if set forth fully herein.

274. Defendant AECOM knowingly made, used, or caused to be made or used a false record or statement material to a false or fraudulent claim, in violation of the False Claims Act, because AECOM knowingly submitted project worksheet versions for the Subject Projects containing materially false or fraudulent statements regarding the design and damage to the Subject Projects' facilities to cause FEMA to pay DRF funds to subgrantees in violation of the Pre-Disaster Design Rule and the 50% Rule, 42 U.S.C.
§ 5172(e)(1)(A)(i); 44 C.F.R. § 206.226.

275. Because of AECOM's conduct, the United States sustained damage in an amount to be determined at trial, subject to trebling under the False Claims Act, and civil penalties of not less than $5,500 and up to $11,000 for each violation.

COUNT THREE
Payment by Mistake
Louisiana Department of Education

276. The United States realleges each allegation in Paragraphs 1 through 269 as if set forth fully herein.

277. This is a claim for the recovery of monies by which Defendant LDOE, as administrator of the RSD, has been paid by mistake of fact for the reimbursement of replacement facilities.

278. By directly or indirectly obtaining from the United States, through FEMA and the DRF, funds to which it was not entitled on the Crocker, the Chester Classroom Building, the Chester Cafeteria Building, Livingston, and Fannie Williams Projects, Defendant LDOE, as administrator of the RSD, was paid under mistake of fact, and is liable to pay such amounts, or proceeds therefrom, which are to be determined at trial.

COUNT FOUR
Negligent Misrepresentation
Louisiana Department of Education

279. The United States realleges each allegation in Paragraphs 1 through 269 as if set forth fully herein.

280. This is a claim for the recovery of monies by which Defendant LDOE, as administrator of the RSD, negligently misrepresented the pre-disaster design and disaster damage of the Crocker, the Chester Classroom Building, the Chester Cafeteria Building, Livingston, and Fannie Williams Projects.

281. By misrepresenting the pre-disaster design and disaster damage of the Crocker, the Chester Classroom Building, the Chester Cafeteria Building, Livingston, and Fannie Williams Projects, Defendant LDOE, as administrator of the RSD, directly or indirectly obtained from the United States, through FEMA and the DRF, funds to which it was not entitled, and is liable to pay such amounts, or proceeds therefrom, which are to be determined at trial.

COUNT FIVE
Unjust Enrichment
Louisiana Department of Education

282. The United States realleges each allegation in Paragraphs 1 through 269 as if set forth fully herein.

283. This is a claim for the recovery of monies by which Defendant LDOE, as administrator of the RSD, was unjustly enriched for the reimbursement of replacement facilities.

284. By directly or indirectly obtaining from the United States, through FEMA and the DRF, funds to which it was not entitled on the Crocker, the Chester Classroom Building, the Chester Cafeteria Building, Livingston, and Fannie Williams Projects, Defendant LDOE, as administrator of the RSD, was unjustly enriched, and is liable to pay such amounts, or proceeds therefrom, which are to be determined at trial.

PRAYER FOR RELIEF

285. The United States requests that judgment be entered in its favor and against defendants as follows:

i. On Counts One and Two (False Claims Act), for treble the United States' damages, together with the maximum civil penalties allowed by law;

ii. On Count Three (Payment by Mistake), in the amount by which LDOE was paid by mistake;

iii. On Count Four (Negligent Misrepresentation), in the amount by which LDOE was paid as a result of its misrepresentation;

iv. On Count Five (Unjust Enrichment), in the amount by which LDOE was unjustly enriched; and

v. Pre- and post-judgment interest, costs, and such other relief as the Court may deem appropriate.

JURY DEMAND

286. Pursuant to Federal Rule of Civil Procedure 38, the United States requests a trial by jury.

July 28, 2020

Respectfully submitted,

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