

Supreme Food Companies Agree to Settlements of More Than \$500 Million for Violating the False Claims Act by Overcharging for Supplies and Fuel in Connection with U.S. Troops in Afghanistan

Article By:

Tycko & Zavareei Whistleblower Practice Group

On December 8, 2014, the [Department of Justice \(DOJ\)](#) announced that **Supreme Foodservice GmbH (Supreme GmbH) and Supreme Foodservice FZE (Supreme FZE) agreed to pay the U.S. Government \$288.36 million** for violating the False Claims Act (FCA) by **overcharging the government for the cost of food and water supplied to U.S. Troops in Afghanistan**. In addition, Supreme Group B.V. and its subsidiaries agreed to pay the U.S. Government \$146 million to settle allegations that it overcharged the Department of Defense (DOD) for fuel and cargo shipped to Afghanistan. Furthermore, in a separate lawsuit filed by a former Supreme Food executive under the [qui tam whistleblowers provisions of the FCA](#), Supreme Group agreed to pay \$101 million for allegedly overcharging the government for food and water supplies under the Subsistence Prime Vendor (SPV) contract.

In 2005, Supreme GmbH was awarded an \$8.8 billion SPV contract by the Defense Supply Center of Philadelphia (DSCP) to provide all food service and food supply logistics to deployed U.S. Troops in Afghanistan. According to the SVP contract, Supreme was supposed to charge the government the supplier's prices for goods it purchased. However, between July 2005 and 2009, Supreme GmbH owners allegedly violated the agreement by devising a scheme to deliberately inflate prices for local market ready goods (LMR) and then knowingly billed the DOD for these inflated prices. To make matter worse, during a criminal investigation into the alleged violations, Supremes' owners attempted to hide their indiscretions by lowering the inflated prices on the goods purchased, and offering an explanation that the lower prices were a result of sudden renegotiated. Consequently, in a criminal lawsuit filed by the government, Supreme GmbH and Supreme FZE pleaded guilty to fraud.

Additionally a civil qui tam lawsuit filed by whistleblower, Michael Epp, a former Director of Supreme GmbH's Commercial Division and Supply Chain, exposed Supreme Group and its subsidiaries for allegedly violating the [FCA](#) by overcharging for food and supplies to U.S. Troops. For example, between 2005 and 2010, Mr. Epp's alleged that Supreme Group was supposed to disclose and bill the government for food and supplies based on rebates and discounted prices that it received from its suppliers, as required by the SVP contract. However, Supreme Group allegedly did just the opposite by profiting from the discounted prices and then billing the Government for the inflated prices.

Supreme further violated the FCA when one of its subsidiaries, Supreme Logistics FZE, allegedly over billed the U.S. Transportation Command for fuel and cargo transported to Afghanistan for U.S. Troops.

These illegal practices are in violation of the FCA, which prohibits a person or company from knowingly submitting false claims for their own benefit. If you have information concerning a potential case involving a defense contractor defrauding the government, or other persons or companies knowingly undercutting the government, do not hesitate to take action. It is possible that you might be able to bring your own *qui tam* lawsuit under the False Claims Act, acting as a whistleblower on behalf of the U.S. Government. Before filing your lawsuit, be sure to consult with an attorney familiar with the intricacies of the False Claims Act and *qui tam* lawsuits, as these attorneys are best equipped to help protect your rights and help you gain your share of any monetary reward from a potential settlement.

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