

Software Company And Its Owner To Pay \$9 Million to Settle False Claims Act Case Alleging Use Of Noncompliant Workers On Government Contracts

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On May 7, 2015, the Department of Justice (DOJ) announced that Global Computer Enterprises, Inc. (GCE) located in Reston, Virginia, and GCE's sole owner and president, Raed Muslimani, agreed to pay the U.S. Government \$9 million to resolve allegations that GCE violated the False Claims Act (FCA) when it hired noncompliant workers to perform contractual software services for several federal government agencies. The government alleges that GCE applied for and was awarded the contracts under false pretenses, a legal theory known as "fraudulent inducement."

GCE, a small business currently in Chapter 11 bankruptcy proceedings, specialized in providing its customers with cloud-based software services. In 2008, the General Services Administration (GSA) awarded GCE federal contracts to provide financial management services to the Department of Labor (DOL) and the Equal Employment Opportunities Commission (EEOC). GCE had also previously been awarded software development contracts with the United States Coast Guard (USCG). These contracts are very competitive to obtain, and require that strict guidelines be adhered to, especially when hiring qualified personnel to perform the work. However, according to the government, GCE allegedly violated the agreements by using engineers and other personnel with citizenship and/or immigration status problems. In addition, the government alleges that GCE knowingly misrepresented and concealed the credentials of its workers, and its ability to perform the work, in order to win the bid on the contract.

In 2013, an investigation by DOL revealed that GCE was experiencing financial difficulties, and on September 2, 2014, GCE filed a Chapter 11 bankruptcy petition. Additionally, according to the government's allegations, a 2013 investigation by the FBI also discovered that GCE hired foreign nationals to perform services under the contracts, and had violated the contracts in other ways. The lawsuit filed by the government alleged legal claims under the FCA, and under other related statutes and common law. The \$9 million settlement will be paid out to resolve these various claims, and will be paid out of the proceeds of the bankruptcy.

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