

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA**

**UNITED STATES OF AMERICA,  
*ex rel.* TERRY D. MCLAIN and J. LEN HODGES**

**PLAINTIFF**

**V.**

**CIVIL ACTION NO. 06-11229**

**FLUOR ENTERPRISES, INC.,  
SHAW ENVIRONMENTAL, INC., and  
CH2M HILL CONSTRUCTORS, INC.**

**DEFENDANTS**

**SECOND AMENDED COMPLAINT**

Terry D. McLain and J. Len Hodges, each on his own behalf as Relator, and also on behalf of the United States of America pursuant to 31 U.S.C. § 3730(b) and (c)(3) of the False Claims Act, and pursuant also to Rule 15(a) of the Federal Rules of Civil Procedure and with leave of the Court herein, submit as Plaintiffs the following against each of the Defendants named above, as their Second Amended Complaint herein:

1. This is a civil action brought against each of the Defendants named above for damages and civil monetary penalties, pursuant to the False Claims Act, 31 U.S.C. § 3729-3732, as amended (“FCA”).

2. A person with knowledge of an FCA violation, often termed a “Relator,” may bring an FCA action, often termed a “*qui tam*” action, in federal district court on behalf of the United States. The Relators in this case are Terry D. McLain and J. Len Hodges, who originally filed this *qui tam* action under seal on or about December 21, 2006.

3. This action arises out of claims for contractual payments submitted by each of the Defendants to the Federal Emergency Management Agency (“FEMA”), an agency of the United States Department of Homeland Security which administers funds of the United States Treasury for various purposes, including relief from natural disasters. The relevant claims to FEMA sought payments by FEMA in response to statements and invoices from the Defendants representing that they had caused travel trailers to be lawfully installed, in purported compliance with the terms of specified task orders issued as parts of contracts between the Defendants and FEMA, in designated locations within Louisiana for the purpose of occupancy by persons displaced during August and September of 2005 from habitable residences as a result of Hurricane Katrina and Hurricane Rita. None of the Defendants was entitled to receive the particular installation payments described and itemized hereafter, in part because all such installations had been performed in violation of Louisiana gas safety statutes and regulations, by installation employees of installation subcontractors of each such Defendant who and which did not have a legal right to perform the installations of gas appliances and systems (the functioning of which was vital to the functioning and habitability of the travel trailers involved). As the Defendants knew when they submitted their trailer installation invoices to FEMA, neither the Defendants’ installation subcontractors, nor the employees of such subcontractors who had purported to install the gas systems within each such trailer, had received the legally-required permits or gas safety training which Louisiana gas statutes required as a prerequisite to having the legal capacity or right to perform (or to be paid

for) such installations. Such trailer gas system installations had thereby been conducted in violation of the Task Orders (and Statements of Work incorporated therein) reflected in the Defendants' invoices to FEMA. The contractual terms under which the Defendants had promised to FEMA lawfully to install such travel trailers' gas systems, and the Defendants' entitlements to be paid therefor, were null and void as a matter of law. The claims for payments were legally false claims of entitlement, and the express statements explicitly and implicitly made to FEMA by each of the Defendants concerning the material matter of the Defendants' entitlement to be paid for illegal installations, both rendered the Defendants' claims legally and factually false. FEMA's payments of such void claims for illegal installations, in reliance on the presumption that the Defendants' statements were accurate, damaged the United States in the amounts of those payments.

### **I. Venue and Jurisdiction**

4. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1345 and 31 U.S.C. §§ 3730(b) and 3732(a).

5. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) and (c), and 31 U.S.C. §§ 3730(b) and 3732(a), the Defendants having contracted with FEMA to deliver installation services within this District as described below, and having been directly involved in the delivery of those services within this District as described below, in response to the dislocations associated with Hurricane Katrina and Hurricane Rita beginning in late August of 2005.

### **II. The Parties**

6. Relator Terry D. McLain is an adult citizen of the United States, residing in Covington, Louisiana. Mr. McLain served during all relevant times as an inspector with the Louisiana Liquefied Petroleum Gas Commission (hereafter, “Louisiana Gas Commission”), a division of the Louisiana Department of Public Safety.

7. Relator J. Len Hodges is an adult citizen of the United States, residing in Holden, Louisiana. Mr. Hodges likewise serves as an inspector with the Louisiana Gas Commission, a division of the Louisiana Department of Public Safety.

8. Defendant Fluor Enterprises, Inc. (“Fluor”), is a corporation organized under the laws of the State of Texas and maintains its principal places of business at 1101 Wilson Boulevard, Suite 1900, Arlington, Virginia, and also at 6700 Las Colinas Boulevard, Irving, Texas.

9. Defendant Shaw Environmental, Inc. (hereafter, “Shaw”), is a corporation organized under the laws of the State of Louisiana which maintains its principal place of business (for purposes relevant to this case) at 4171 Essen Lane, Baton Rouge, Louisiana 70809 and /or 1725 Duke Street, Suite 400, Alexandria, Louisiana.

10. Defendant CH2M Hill Constructors, Inc. (hereafter, “CH2M Hill”), is a Delaware corporation and maintains its principal place of business at 9191 South Jamaica Street, Englewood, Colorado.

**III. Permits, Safety Training, Competency Examinations, and Leak Tests  
Required for any Lawful Installation of any Gas System in any Trailer  
under Louisiana Gas Safety Laws**

11. As described below, the Louisiana Legislature, in an attempt to prevent

potentially life-threatening gas-fueled explosions in travel trailers and other spaces in which appliances and other systems are fueled by liquefied petroleum (“L P”) gas, had prior to 2005 enacted a statutory system for assuring gas safety, and had assigned administration of that system to the Louisiana Liquefied Petroleum Gas Commission. An installation company which complied with that statutory scheme effectively became a part of Louisiana’s pro-active system for preventing such deadly explosions, since all persons in charge of installation operations were required to demonstrate their competence in gas safety issues, and all of their installation employees were required to (a) receive State training in technical gas safety measures not necessarily understood in other construction circles (as described in Paragraphs 19 and 20 below), (b) conduct tests for gas leaks during all original installations of trailers’ gas systems (as described in Paragraph 21 below), and (c) know how to repair defects causing such leaks before the systems’ use by trailer occupants could result in a risk of deadly explosions (as described in Paragraphs 19 and 20 below).

12. A very substantial majority of the travel trailers installed by the Defendants in Louisiana as a result of Hurricanes Katrina and Rita were known by the Defendants to be fueled, with respect to the heating, hot water, stove and other appliances within each such home, by a “liquefied petroleum gas system” provided as an essential part of each trailer, as that quoted term is defined by Louisiana Revised Statute (“LRS”) 40:1842(8)(and which shall hereafter be referred to as “gas system”).

13. Louisiana statutes indeed broadly defined “liquefied petroleum gas

systems” to include “any task, container, heat or cold producing device, appliance, or piping that utilizes or has liquefied petroleum gas connected thereto,” and make clear that the definition includes “but is not limited to ranges, hot water heaters, air conditioners, containers, tanks, furnaces, space heaters, piping used in the transfer of liquefied petroleum gas from one point to another....or any combination thereof. 40 LRS § 1842(8). A gas “appliance” is defined by the Louisiana Gas Commission’s regulations as “any device that utilizes gas as a fuel or raw material to produce light, heat, power, refrigeration, or air conditioning.” 55 Louisiana Administrative Code (“LAC”) § 103.

14. The Defendants throughout their work as FEMA trailer installation contractors, like each of their trailer installation subcontractors, were as a matter of Louisiana law acting as “liquefied petroleum gas dealers”, defined by 40 Louisiana Revised Statutes (“LRS”) § 1842(2) to include “those persons, firms, or corporations engaged in the . . . the *installation* of storage tanks or systems for the use of liquefied petroleum gases, and in the installation of liquefied petroleum gas appliances for the use of liquefied petroleum gases. . . .” (Emphasis added.) Every contract and every invoice involved in this case used the term “installation” to describe the core function of the Defendants with respect to travel trailers.

15. The Louisiana Gas Commission’s regulations defined the activity of “installation” to include “setting up for use or service” any gas system. 55 LAC § 103.

16. No contractor or installation subcontractor had any legal right to install any

gas system in any FEMA trailer in Louisiana without first obtaining a permit to do so from the Gas Commission: “Every person, firm, or corporation, **as a prerequisite to his or its right to . . . install** storage tanks or systems for the use of liquefied petroleum gases, or to his or its right to install liquefied petroleum gas appliances, shall obtain a permit or registration from the commission and shall comply with the applicable requirements of the rules and regulations of the commission . . . .” 40 LRS § 1847(A)(1)(emphasis added). In particular, applying for and receiving from the Gas Commission a “Class 2” permit was required as a prerequisite specifically to “install, and service liquefied petroleum gas containers, piping, and appliances,” and likewise to participate in “the installation and service of liquefied petroleum gas containers, piping, and appliances on mobile homes, motor homes, travel trailers or any other recreational vehicles.” 55 LAC § 113.

17. Louisiana gas safety statutes defined “end user” to include “any person, firm, or corporation which has the use of or legal authority or control over any system which utilizes liquefied petroleum gas”. 40 LRS § 1842(7). Throughout the course of their contractual responsibility to “haul and install” travel trailers for FEMA, the Defendants maintained control over the trailers’ internal gas systems, and therefore met Louisiana’s definition of “end user” of the trailers’ gas systems. They were therefore each subject to the further statutory provision in Louisiana that “(i)n the interest of safety and for the protection of life and property, any end user who authorizes the....repair, installation, adjustment, and servicing of a liquefied petroleum gas system in the state of

Louisiana shall insure that any person, firm or corporation that may be employed and/or authorized to make such repairs has a current permit or registration and cards of competency from the Louisiana Gas Commission to perform maintenance and/or repair, installation, adjustment and/or servicing of that system. 40 LRS § 1846(a). The Defendants were thereby contractually obligated to FEMA to insure that any individual employee of each of their installation subcontractors was registered and certified by the Gas Commission to perform such functions.

18. Louisiana statutes specifically provided: “It is **unlawful** for any person, firm, or corporation to repair, **install**, adjust, and/or service any liquefied petroleum gas system without meeting the requirements of the Louisiana Liquefied Petroleum Gas Commission.” 40 LRS § 1846(c)(emphasis added). Criminal penalties are provided for any person who “installs any tank or system for the use of liquefied petroleum gases without having obtained “ the required permit. 40 LRS § 1850.

19. Louisiana’s statutory system for preventing liquefied gas explosions provided also for a system of mandatory safety training - provided by the State itself - of all gas system installers: “All service and installation personnel... employed by a dealer shall have successfully taken the personnel competency test administered by the commission and shall possess a current personnel competency card, which must be renewed annually.” At the end of the State’s safety training the prospective installation employee must “take (a) test one time and, upon receipt of a satisfactory score, he shall be entitled to a personnel competency card valid for the year in which it is issued.” 40 LRS §



1849(C)(1)(a). Any employee of a permitted gas employer “must not make installations, service equipment, handle or deliver gas until they have passed the examination given by the Office of the Director...and a card showing their competency has been issued to them.” 55 LAC § 123.

20. Before administering to any individual installation employee the State’s written examination to determine competence in gas installations, the Gas Commission required each such tester first to attend a gas safety course in which the employee receives training at State expense concerning the safety-related physical properties of liquefied petroleum gas and gas vapors, the physical components of combustion, the functions of relief valves and excess flow valves, how safety to re-fill a propane cylinder, the different gauges used for detecting gas leaks in gas lines and appliances inside and outside trailers, how to operate such gauges and record the leak test results, and methods for safely extinguishing a gas-originated fire.

21. Lawful installers of gas systems in trailers were also required by the Gas Commission’s regulations to conduct, at the time of the original installation of each trailer’s gas system, a “pressure test” as a result of an inspection of the system’s gas lines by a trained (and “carded”) installer in order to measure the “integrity of gas piping” within the trailer. 55 LAC § 103.

22. As a further mandatory part of Louisiana’s statutory gas safety regime, all “persons in charge of operations” involving trailer gas system installations were required to “furnish proof satisfactory to the Commission” that they personally “have had

experience in and are familiar with and will abide by all safety precautions necessary in the conducting of the business for which (their corporate employer had been) granted a permit”. 55 LAS § 107.

23. All of the Louisiana gas safety laws cited above were easily accessible in 2005 and 2006 to any person who made any good faith effort to learn what public safety laws existed in Louisiana, as indeed the contents of all such laws were published on the internet website of the Louisiana Department of Public Safety, and would have been seen by any person who took the moments necessary to conduct an “internet search” for the terms “Louisiana” and “safety”.

24. Because the statutory requirements of permits for gas system installations (and each of the remaining Louisiana gas laws described above) were adopted by the Louisiana Legislature explicitly to prevent gas explosions and otherwise to protect public safety, they were each a “rule of public order” within the meaning of *Louisiana Civil Code*, Title IV, Chap. 11, Article 2030, and were “laws enacted for the protection of the public interest” within the meaning of *Louisiana Civil Code*, Chapter 1, Article 7. As required by each of those two Louisiana statutes, any installation subcontract undertaken in Louisiana by a contractor entity which does not obtain the required gas safety permit, and which does not otherwise comply with such public safety statutes, thereby “violates a rule of public order” (and is “in derogation of such laws”) by the terms of the same statutes. Moreover, any such subcontract “is absolutely null” and “may not be confirmed” and thus enforced by a court. *Ibid*. The non-licensed or non-permitted

contractor is not entitled to be paid any contractual amount for work, however otherwise performed, which required a license or permit under such public safety statutes. This is true as a matter of State law under those two Louisiana statutes, and is equally true as a matter of federal law within the meaning of the FCA's reference to "false claims" which assert a contractual entitlement to payment when there is no contractual entitlement to payment.

25. FEMA entered with the Defendants each of the temporary housing "haul and install" contracts described below in order for FEMA to have, with respect to each site within Louisiana where temporary housing was to be installed, a single general contractor who would take full responsibility for coordinating the operation of all of the tasks required to haul and install travel trailers to that site (so that FEMA itself would not be required essentially to act as general contractor in coordinating different contractors handling different tasks with respect to the same trailer or site). Each Defendant as a general contractor in turn selected, with respect to each parish or location where a travel trailer was to be installed, a single installation subcontractor charged with taking full responsibility for coordinating and accomplishing all of the tasks required to install travel trailers at that site, as the exigencies of providing emergency housing required each such Defendant to do. By necessity, no separate subcontractors were selected only to install the liquefied petroleum gas systems within each travel trailer, and a separate price was not established or paid for that gas-related installation work. Because those tasks included (among other tasks) (a) obtaining state permits and (b) installing the gas systems on

which appliances and other functions of the travel trailers depended for the trailers' operation, no such "haul and install" general contracts would have been entered by FEMA without including the provisions requiring those gas-related tasks to be performed by the general contractor. Because the Defendants' (and their trailer installation subcontractors') violations of the public safety statutes governing those tasks (as itemized below) made the contract provisions in those subcontracts requiring those tasks a "nullity" under the Louisiana statutory contract laws cited above, the Defendants' entire trailer installation subcontracts were thereby rendered null and unenforceable by virtue of *Louisiana Civil Code*, Title IV, Chap. 11, Article 2034, which provides as follows: "Nullity of a provision does not render the whole contract null *unless, from the nature of the provision or the intention of the parties, it can be presumed that the contract would not have been made without the null provision.*" (Emphasis added).

**IV. FEMA's Decision to Require Compliance with  
State Licensing and Permitting Laws  
as Conditions of Trailer Installation Contracts with FEMA**

26. Deferring to the preferences of local Louisiana public officials with whom FEMA consulted during the days and weeks immediately following Hurricanes Katrina and Rita, FEMA decided to utilize, as the principal source of temporary housing to be offered to persons displaced by those disasters, smaller "travel trailer" structures for which a manufacturing process and network of manufacturers already existed, and which

had been designed principally for recreational uses (rather than for permanent housing).

27. No federal agency had developed standards or regulations governing or assuring the physical safety of persons using such presumptively recreational travel trailers.

28. State government safety standards did exist, however, through which FEMA could have some assurance of the safety of the thousands of Louisiana citizens who were expected to occupy such travel trailers to be provided by FEMA and installed through FEMA's installation contractors.

29. Through the contractual provisions itemized below, therefore, FEMA adopted and incorporated state licensing, permitting, and other safety-related standards governing the installation of travel trailers in Louisiana, as explicit requirements for entering and operating trailer installation contracts between FEMA and the Defendants, treating compliance with such state laws as material prerequisites for any legal entitlements by those "haul and install" contractors to be paid for services performed by their installation subcontractors. While those State laws and regulations may otherwise not "directly" govern rights under a contract to which a United States Government agency is a party, those statutes were incorporated by FEMA, at its election and as a matter of federal policy, into its contractual statements of its federal rights under its contracts with the Defendants. FEMA accordingly made decisions about whether or not to pay such contractors based on whether or not, from the information available to FEMA at the times it made its payment decisions, the contractor's performance through

installation subcontractors was in accordance with all applicable laws and regulations, including the gas statutes and regulations summarized above (and Articles 2030 and 2034 as also summarized above). Those State statutes therefore provide the most appropriate federal rules for determining the legal validity of the Defendants' claims for reimbursement payments, and accordingly whether or not those claims were legally or factually "false" within the meaning of the FCA.

**(A) Fluor**

30. Defendant Fluor Enterprises, Inc., on or about September 3, 2005, entered with FEMA a written contract requiring Fluor to deliver (or "haul"), install, and otherwise make ready for safe occupancy, at locations within the Eastern District of Louisiana and elsewhere within Louisiana, travel trailers and other temporary housing structures purchased by FEMA for the benefit of persons displaced beginning in late August of 2005 by Hurricane Katrina. That written contract between Fluor and FEMA was referred to as Contract Number HSFEHQ-05-D-0471 (hereafter, "the FEMA/Fluor Contract"), which authorized Fluor to present to FEMA payment invoices for trailer installation services to be more specifically described through written "Task Orders" issued by FEMA, the terms of which in turn incorporated still more specific contractual language set forth as "Statements of Work".

31. That FEMA/Fluor Trailer Installation Contract was entered as a result of the terms of FEMA Solicitation HSFEHQ-05-R-0033, to which Fluor was to be bound in performing its obligations thereunder, and which included the following provisions:

-“The Contractor shall: -1. Install the units in accordance with the manufacturer’s installation specifications, and other appropriate requirements to include State and local requirement and obtain necessary permits.” (7/15/05 Statement of Work (“SOW”) - 2.6 Installation Task No. 6);

-“The Contractor shall: -1. Install the units in accordance with the manufacturer’s installation specifications, and other appropriate requirements to include State and local requirement and obtain necessary permits.” (SOW - 2.4 Installation Task No. 4)

-A. GENERAL - 1. All work performed in accordance with these specifications shall be in accordance with all applicable federal, state and local codes and regulations. The provision of these specifications and typical details shall not be construed as lowering standards established by local laws, ordinances or regulations[.]”- “2. The contractor must be, or have employed, registered/licensed technicians (plumbers, electricians’ [sic] etc.) to conform to State and local requirements for installing and/or hooking up systems or repairing defects involving their particular trade. It is the contractor’s responsibility to obtain all proper licenses and permits to set-up the units. Locally required permits shall be replied for within 3 working days of work order issuance. Units shall be Ready For Occupancy within 3 days of permit issuance.” (SOW, Attachment B, Exhibit 5)

-C. Additional Items....“13. Obtain State and Local Permits. The contractor shall be responsible for obtaining necessary permits associated with placing and installing the unit and utility installation.” (SOW, Attachment B, Exhibit 5) -“B. BASIC TRAVEL TRAILER SET-UP.... 7. Fill Propane Tanks. Fill both tanks and inspect connections....” - “C.... 17. Refill Both Propane Tanks. Refill both tanks and inspect connections.” (SOW, Attachment B, Exhibit 5)

-“B. BASIC TRAVEL TRAILER SET-UP...9. Make Travel Trailer Ready for Occupancy (RFO)....c. Test Appliances and Appurtenances:  
1. Activate, test and make any necessary minor repairs to the refrigerator, range, furnace, air conditioner, and water heater for proper operations. Adjust pilots and burners, change orifices, water heater elements, etc. as needed;...” (SOW, Attachment B, Exhibit 5)

32. That FEMA/Fluor Trailer Installation Contract itself resulted in and incorporated as a part of its terms a Performance Work Statement, signed on or about September 3, 2005, which expressly required Fluor to write its own work plan which

“shall include researching appropriate federal, State and local codes and ordinances governing associated activities,” and which also contained the following relevant provisions:

-“2.1.6: This is a high visibility program, which includes coordination with Federal State and local governments as well as in the public media. This effort requires knowledge of FEMA’s mission and applicable Federal, State and local regulations.” (SOW, Attachment A, Section 2.1);

-“2.2.1.1 The program management responsibilities include, but are not limited to the following:” 2.2.1.2 Monitor and coordinate all Task Order Assignments to ensure achievement of the technical and financial project objectives and adherence to the statutory authorities.” 2.2.1.3 Monitor and coordinate all Task Order Assignment activities and information with federal, state and local governments....” (SOW, Attachment A, Section 2.2.1).

-“2.9.2: Code Adherence. The Contractor is responsible for adherence to applicable local, state, and federal building regulations and laws. Contractor shall be responsible for acquiring all permits and approval for items identified in the scope of work for facilities and structures as specified in task orders.” (SOW, Attachment A, Section 2.9, Installation)

-“4.1.2a) State and local requirements. Identify State and local requirements or restrictions, or [sic] and process for obtaining permits within the identified counties such as:...- Contractor licensing requirements; - Permit requirements to place or install temporary disaster housing; - State or local inspection requirements;... - State or local government and utility company installation specifications.” (SOW, Attachment A, Exhibit 2, Work Plan);

-“4.1.3 Other requirements. Any other State and local requirement that may affect the timely, efficient, and cost-effective installation and occupancy of temporary disaster housing shall be reported to the COTR. Once normal State and local requirements are identified and a determination is made as to those which would negatively impact the temporary disaster-housing program, FEMA will be responsible for determining, negotiating and obtaining a waiver if required; however, a waiver is not guaranteed.” (SOW, Attachment A, Exhibit 2, Work Plan);

-“1. General. All work shall be performed in accordance with all applicable



federal, state and local codes and regulations. The provisions herein and typical details shall not be construed as lowering standards established by local laws, ordinances or regulations.” (SOW, Attachment A, Exhibit 7, Travel Trailer Installation);

-“1. General (con’t): “The contractor must be, or have employed registered/ licensed technicians (Plumbers, electricians’ etc.) to conform to State and local requirements for installing and/or hooking up systems or repairing defects involving their particular trade. It is the contractor’s responsibility to obtain all proper licenses and permits to set-up the units. Locally required permits shall be applied for within 3 working days of work order issuance.” (*Ibid.*)

-“2.1.7. Fill Propane Tanks. Fill both tanks and inspect connections.” (*Ibid.*)

-“2.1.9 Make Travel Trailer Ready for Occupancy (RFO) .... iii) Test Appliances and Appurtenances: - (a) Activate, test and make any necessary minor repairs to the refrigerator, range, furnace, air conditioner, and water heater for proper operations. Adjust pilots and burners, change orifices, water heater elements, etc., as needed.” (*Ibid.*)

-“2.1.19 Obtain State and Local Permits. The contractor shall be responsible for obtaining necessary permits associated with placing and installing the unit and utility installation. Permits shall be applied for within 3 working days of work order issuance. Unit shall be ready to occupy within 3 days of permit issuance. FEMA will reimburse the contractor the actual permit fees. Receipt required.” (*Ibid.*)

-“1.1.1.2. Task Force State/County/Local Requirements: “Identify State and local requirements or restrictions which may require additional cost, time, or a request for waivers, such as ... c) Contractor licensing requirements; d) Permit requirements to place and/or install temporary disaster housing;...i) Any other State or local requirement, which may affect the timely, efficient, and cost-effective set up and occupancy of temporary disaster housing.” (SOW, Attachment A, Exhibit 15, Technical Support);

-“3.2.2 Install the units in accordance with the manufacturer’s installation specifications, and other appropriate requirements to include State and local requirement. The contractor shall obtain all necessary permits.” (*Ibid.*)

-“.... Each work location will be run by a maintenance supervisor, and will include craft, administrative and quality control personnel. Each will have the tools and

equipment necessary to perform expected work, and will have the ability to access specialized and licensed/certified personnel and capabilities when necessary.” (SOW, Attachment A, Section 3.3, Maintenance Subtask, #3).

33. Given Fluor’s contractual duty to conduct its own affirmative research about such Louisiana statutes, Fluor knew that its contractual duty to comply with such contract provisions with FEMA arose in substantial part out of its duty to install the gas appliances and gas systems in the overwhelming majority of the trailers it was to install, because Fluor’s own “Ready for Occupancy (RFO) QC/QA Acceptance Checklist” by which it required trailer installations to be conducted included numerous “checklist” items which required and involved installation of the trailers’ gas systems, including “check the refrigerator, range/over, microwave oven, furnace, air conditioner, and water heater operate properly,” “pilots and range burners adjusted properly,” “smoke detector(s) installed and operates properly,” “carbon monoxide detector(s) installed and operates properly,” “L P detectors installed and operates properly.”

**(B) Shaw**

34. Defendant Shaw Environmental, Inc., on or about October 7, 2005, entered with FEMA a written contract requiring Shaw to deliver (or “haul”), install, and otherwise make ready for safe occupancy, at locations within the Eastern District of Louisiana and elsewhere within Louisiana, travel trailers and other temporary housing structures purchased by FEMA for the benefit of persons displaced beginning in late August of 2005 by Hurricane Katrina. That written contract between Shaw and FEMA was referred to as Contract Number HSFEHQ-05-D-0573 (hereafter, “the FEMA/Shaw Contract”), which

authorized Shaw to present to FEMA payment invoices for trailer installation services to be more specifically described through written “Task Orders” issued by FEMA, the terms of which in turn incorporated still more specific contractual language set forth as “Statements of Work”.

35. FEMA entered the FEMA/Shaw Trailer Installation Contract in reliance on representations which Shaw had communicated to FEMA on or about September 27, 2005, as part of a Shaw “Work Plan” intended by Shaw to induce FEMA to enter such a contract and to pay Shaw’s later claims thereunder, including Shaw’s representations that “all activities” pursuant to resulting FEMA task orders “will confirm and comply with all applicable, relevant or appropriate Federal, State, and local laws,” that Shaw’s Quality Assurance efforts “will consist of oversight of (each) subcontractor’s QC activities and review of the subcontractor’s documentation verifying compliance with contractual requirements and applicable . . . regulations,” that “(f)inal inspections will be performed at the completion of the field activities” required, verifying that “(a)ll required tests and inspections have been completed and results documented including those required by permits or regulations,” and that “Shaw has the overall responsibility for conformance to the quality requirements for subcontracted items and services” under the Contract.

36. As a material term in the same “Work Plan” incorporated into the FEMA/Shaw Trailer Installation Contract, FEMA required Shaw to assure that Shaw’s preparation of the Work Plan “shall include researching appropriate federal, State and local codes and ordinances governing associated activities,” and similarly required Shaw

itself to “(i)dentify State and local requirements or restrictions, or (sic) and process for obtaining permits within the identified counties such as: . . . Contractor licensing requirements. . . Permit requirements to replace or install temporary disaster housing; . . . .” A further term in the same FEMA/Shaw Trailer Installation Contract, through Exhibit 15 (“Technical Support”) thereof, similarly required that Shaw “(i)dentify State and local requirements or restrictions which may require additional cost, time, or a request for waivers, such as . . . c) Contractor licensing requirements; . . . d) Permit requirements to place and/or install temporary disaster housing; . . . i) Any other State or local requirements, which may affect the timely efficient, and cost-effective set up and occupancy of temporary disaster housing.” In other words, FEMA not only required Shaw to find out what State licensing and permitting laws applied to trailer installation work, but was also prepared to pay Shaw for the time it took for Shaw to perform that research task thoroughly.

37. The FEMA/Shaw Trailer Installation Contract, on Attachment A thereto and under the subtitle “Code Adherence,” included the following contractual prerequisite to Shaw’s entitlement as Contractor to payments under that Contract: “The contractor is responsible for adherence to applicable local state, and federal building regulations and laws. Contractor shall be responsible for acquiring all permits and approvals for items identified in the scope of work for facilities and structures as specified in task orders.”

38. As part of the terms of and its obligations under the FEMA/Shaw Trailer Installation Contract, and as a precondition and prerequisite for any entitlement by Shaw

to be paid by FEMA for any trailer installations performed pursuant thereto, Shaw was obligated to obtain and maintain during the performance of any such installation services all permits, licenses, and certifications required by the State of Louisiana for any performance of any installation task required for performance of the Contract, and to cause any subcontractor hired by Shaw to perform any such installations to obtain the same required permits, licenses, and certifications.

39. Pursuant to the FEMA/Shaw Trailer Installation Contract, FEMA issued to Shaw at least four task orders requiring trailer installations, identified as follows: (1) Task Order HSFEHQ-05-J-0015 (dated 10/7/2005), (2) Task Order HSFEHQ-05-J-0036 (dated 12/23/2005), (3) Task Order HSFEHQ-05-J-0038 (dated 1/20/2006), and (4) Task Order HSFEHQ-06-J-0004 (dated 3/7/06).

40. Each such Task Order issued by FEMA to Shaw provided that all “deliverables and work products required under this task order are listed in (a) Statement of Work attached,” effectively incorporating into each Task Order by reference the terms of a more specific Statement of Work describing what was required of Shaw in order to be entitled to payments from FEMA.

41. Section G.4(b) of the FEMA/Shaw Trailer Installation Contract required that each invoice to be submitted by Shaw to FEMA must specify the “task order number” to which the invoice purported to assert an entitlement for Shaw to be paid, effectively incorporating by reference the terms of each such referenced task order into the terms of each such Shaw invoice.

42. Three of the four Statements of Work issued by FEMA pursuant to those task orders to Shaw explicitly provided that as a material condition of its contractual obligation Shaw was required to “(e)stablish procedures to ensure that the quality of the work performed complies with . . . State and local regulations.” All four of those Statements of Work also specified that in order to comply with the Statement of Work the contractor shall “install the units in accordance with . . . appropriate requirements (to include State and local regulations), and obtain necessary permits.”

43. Compliance with all such terms was a precondition and prerequisite to any entitlement by Shaw to any payments for trailer installations under the FEMA/Shaw Trailer Installation Contract.

44. At least three of those Statements of Work also impose express requirements that “propane tanks” included as part of the propane gas systems fueling appliances within each trailer were to be replaced, with a larger (than the original) propane tank to be “installed and stored in accordance with all applicable federal, State, and local guidance.”

45. Shaw knew that a substantial and material part of installing each FEMA travel trailer necessarily included activities to set up gas appliances and systems for use and service. Through its own printed “Shaw RFO Checklist” defining the tasks required to install a travel trailer to make it “ready for occupancy,” Shaw described for its trailer installation subcontractors the necessity of performing installation tasks including “make sure left propane tank is on and the right tank is off and check for leaks,” turn left tank off

and turn the right tank on and check for leaks,” “make sure water is on before starting the hot water heater,” “check that the gauges on both gas tanks functions (if equipped)(sic),” “check that LP gas detector is glowing GREEN. If RED = gas leak, get out and turn off the gas,” “start the water heater,” and “Check heat and A/C for proper operation. Set A/C at 78F, auto high or heat at 65F in winter.”

**(C) CH2M Hill**

46. Defendant CH2M Hill Constructors, Inc., on or about September 30, 2005, entered with FEMA a written contract requiring CH2M Hill to deliver (or “haul”), install, and otherwise make ready for safe occupancy, at locations within the Eastern District of Louisiana and elsewhere within Louisiana, travel trailers and other temporary housing structures purchased by FEMA for the benefit of persons displaced beginning in late August of 2005 by Hurricane Katrina. That written contract between CH2M Hill and FEMA was referred to as Contract Number HSFEHQ-05-D-0592 (and shall hereafter be referred to as “the FEMA/Hill contract”), which authorized CH2M Hill to present to FEMA payment invoices for trailer installation services to be more specifically described through written “Task Orders” issued by FEMA, the terms of which in turn incorporated still more specific contractual language set forth as “Statements of Work”.

47. That Letter Contract between FEMA and CH2M Hill expressly required CH2MHill to conduct affirmative research into what Louisiana laws would apply to its installation work, and to develop a specific process of compliance with those State laws, including:

-Development of a “Work Plan” was required, or which the “Priorities” included: “The plan... shall include researching appropriate federal, State and local codes and ordinances governing associated activities....” (Attachment A (Performance Work Statement - PWS), Exhibit 2);

-“ Ex.2, Work Plan: 4.1.2a) State and local requirements. Identify State and local requirements or restrictions, or [sic] and process for obtaining permits within the identified counties such as: ...d) Contractor licensing requirements ...e) Permit requirements to place or install temporary disaster housing; ...j) State or local government ... installation specifications. (*Id.*, at Exhibit 2, Work Plan: 4.1.2a);

-“Task Force State/County/Local Requirements: “Identify State and local requirements or restrictions which may require additional cost, time, or a request for waivers, such as ...c) Contractor licensing requirements; ...d) Permit requirements to place and/or install temporary disaster housing; ...i) Any other State or local requirement, which may affect the timely, efficient, and cost-effective set up and occupancy of temporary disaster housing. Once normal State and local requirements are identified and a determination is made as to those, which could impact the temporary disaster-housing mission.” (*Id.*, at Ex. 15, Technical Support - 1.1.2).

48. Apart from the contractual duty imposed by FEMA on CH2M Hill to find the applicable permitting and licensing laws, FEMA’s Letter Contract with CH2M Hill also required that Defendant to follow all such State statutes and regulations as a material term of its contractual obligation to FEMA, including the following provisions:

“Propane Tanks .... The tanks shall be installed and store in accordance with all applicable federal, State, and local guidance.” (Performance Work Statement (“PWS”), Exhibit 7, Travel Trailer Installation - 2.1.23);

-“Work performed under this task shall be completed by professionally certified mechanics with expertise in heating ... [and] range... repairs. - The Contractor must be able to provide documentation of each mechanic’s professional certification.... For unusually complex maintenance problems, the Contractor must have access to licensed/certified technicians in the areas of... Furnace... and appliance repair. Utilization of licensed/certified personnel shall be at no extra cost to FEMA..... (PWS, Exhibit 10, Qualification of Personnel);



-“3 Identified Tasks: Contractor shall execute the below tasks in accordance with the PWS contained in the contract.... 3.1 Design Construction, and Installation... The Contractor shall...2. [i]ninstall the units in accordance with... appropriate requirements (to include State and local regulations), and obtain necessary permits....4. Establish procedures to ensure that the quality of work performed complies with... State and local regulations, and the Performance Work Statement.” (Task Order (“T.O.”) 05-J-14);

-“All work shall be performed in accordance with all applicable federal, state and local codes and regulations. The provisions herein and typical details shall not be construed as lowering standards established by local laws, ordinances or regulations. The contractor must be, or have employed, registered/licensed technicians (plumbers, electricians, etc) to conform to State and local requirements for installing and or hooking up systems or repairing defects involving their particular trade. It is the contractor’s responsibility to obtain all proper licenses and permits to set-up the units. Locally required permits shall be applied for within 3 working days of work order issuance.” (Letter Contract, Attachment A, Exhibit 7 - Travel Trailer Installation Specifications - General).

**V. Fluor’s Knowing Disregard of Louisiana’s Gas Safety Laws  
(And Resulting False Statements and False Claims to FEMA)**

49. In order to perform all of the travel trailer installations required of it by the terms of the FEMA/Fluor contract referred to above, Fluor elected to enter subcontracts with seventeen different subcontractors, which through their installation employees performed all of the approximately 36,000 travel trailer installations in Louisiana for which Fluor ultimately billed (and was paid by) FEMA under that contract.

50. The central and ultimate purpose of the FEMA/Fluor contract (i.e., to provide temporary housing units on an emergency basis for hurricane-displaced persons) required that Fluor enter a single installation subcontract with a single subcontractor to perform all installation tasks required as to any particular travel trailer within any particular parish or location in or at which FEMA directed Fluor to cause a housing unit to

be installed. The necessities of that FEMA/Fluor contract purpose precluded Fluor from hiring separate subcontractors to perform separate tasks on any one travel trailer (or at any one installation site). Accordingly, the same necessities precluded Fluor from hiring a separate subcontractor to perform only installation activities specific to the LP gas system or LP gas appliances within each travel trailer, or from establishing or paying a different or distinct monetary value or price in exchange for those gas-related activities alone.

51. The written terms of that FEMA/Fluor contract required Fluor, and Fluor in turn expressly required each of its seventeen installation subcontractors through its subcontracts with each, to perform specified “Travel Trailer Installation” tasks required to “Make (the) Travel Trailer Ready for Occupancy,” including tasks to “activate utility systems and make minor repairs,” to “test appliances,” to “activate, test and make any necessary minor repairs to the refrigerator, range, furnace . . . and water heater for proper operations,” to “adjust (gas) pilots and burners, change orifices, water heater elements, etc., as needed,” and also required Fluor to “Fill Propane Tanks” and “inspect connections” as to those L P gas tanks. Accordingly, personnel engaged in installing travel trailers were provided by Fluor with a “Make Ready for Occupancy (RFO) Acceptance Checklist” which required trailer installation personnel to verify in their course of their trailer installations that appliances including the “range/oven,” the “furnace,” the “air conditioner,” and the “water heater” were operating “properly,” and to determine whether the “pilots and range burners (were) adjusted properly,” and whether the “LP detectors (were) installed and operat(ing) properly,” all as parts of the installers’

“general inspection” to determine if the trailers’ “appliances and appertenances” and “accessories (were) assembled and arranged for use” by future residents.

52. FEMA maintained a policy and practice of not allowing or authorizing FEMA employees to research or interpret the contents of State licensing, permitting or safety statutes which might apply to any particular such tasks or contractual obligation.

53. Accordingly, FEMA by the terms of the FEMA/Fluor contract generally required Fluor to comply with all State licensing, permitting and safety training statutes, and expressly shifted and assigned to Fluor the exclusive burden of and responsibility for conducting Fluor’s own research in order to identify the particular contents of any particular Louisiana licensing, permitting or safety statutes which applied to such installation tasks, including the gas installation activities described in Paragraph 51 above, and affirmatively to bring its own conduct, and the conduct of any installation subcontractor it hired to perform any such activities, into compliance with any such law that Fluor identified as a result of that research.

54. In the course of negotiating, entering and administering its installation subcontracts with each of its seventeen installation subcontractors beginning in late 2005, Fluor contracting employees, on information and belief, gathered and researched documentation about all permits and licenses then held or issued to (or applied for by) each such subcontractor for activities in Louisiana (both before and after their subcontracts were entered). Though collecting that information, Fluor gained actual knowledge that not one of the prospective or actual installation subcontractors held or had applied for any of

the gas installation permits, and that not one of those subcontractors' employees had passed the gas safety examination (and thus earned or been issued "competency cards"), required by Louisiana law as a prerequisite to the lawful conduct of any such gas installation activities, either on the dates their subcontracts were entered or on the dates they began their trailer installations.

55. But in negotiating, entering, and administering its subcontracts with each of its installation subcontractors, Fluor, notwithstanding its contractual duty to research and achieve compliance with all applicable Louisiana permitting and safety training statutes, never mentioned the terms or provisions of the Louisiana LP gas statutes and regulations in any such contractual document (or otherwise communicated to any such subcontractor those terms or provisions, or any requirement or recommendation that they be obeyed).

56. Throughout all of its communications with each of its trailer installation subcontractors, Fluor failed and refused to enforce against such subcontractors Louisiana's LP gas laws, and disregarded the requirements of such laws as they pertained to the installation activities and obligations of such subcontractors. Fluor imposed no requirement on any such subcontractor which Fluor itself regarded as required by any such laws.

57. Fluor recklessly failed, not only upon the negotiation and entry of its subcontracts with its installation subcontractors, but also throughout its operation and supervision of such subcontracts, to obligate its installation subcontractors to comply with (or to make applications or enroll in safety training in order to come into compliance with)

Louisiana's gas permitting and training statutes.

58. At no time prior to the commencement of travel trailer installations by each or any of Fluor's installation subcontractors did Fluor require of any such subcontractor or their installation employees that, even if they did not have a gas permit or gas safety training prior to entering their subcontract with Fluor, they were required to or should obtain a permit and gas safety training prior to their commencement of travel trailer installations.

59. At no time prior to the commencement of travel trailer installations by each or any of Fluor's installation subcontractors did Fluor specifically require any such subcontractor or their installation employees to comply with any Louisiana gas statute or regulation, obtain gas safety training, or verify or confirm to Fluor that any of them had done so.

60. At no time prior to submitting any invoice to FEMA for reimbursements to Fluor for the installation activities of each or any of its installation subcontractors did Fluor require or obligate any such subcontractor or their installation employees specifically to comply with any Louisiana gas statute or regulation, obtain gas safety training, or verify or confirm to Fluor that any of them had done so.

61. At no time following its entry of each of its seventeen trailer installation subcontracts did Fluor make any specific inquiry to any of those subcontractors to notify or inform Fluor as to whether or not they or their employees had come into compliance

with Louisiana's gas safety statutes.

62. Fluor did not itself come into compliance with Louisiana's gas safety statutes until April 27, 2006, on which date it first obtained a Class II permit required by Louisiana statutes in order to have the legal capacity to supervise, control, or conduct LP gas installations in travel trailers.

63. Fluor installation subcontractors Plant Performance Services LLC ("P2S") and MMR Constructors likewise did not come into compliance with Louisiana's gas safety statutes until the same date of April 27, 2006, on which they each first obtained the required Class II gas installation permit. (No monetary claims for payments for any installations made by either of those Fluor installation subcontractors after the date of their permits are alleged to be false in this case.)

64. Fluor installation subcontractor DII, LLC did not come into compliance with Louisiana's gas safety statutes until March 30, 2006, on which date it first obtained the required Class II gas installation permit. (No monetary claims for payments for any installations made by DII, LLC after the date of its permit are alleged to be false in this case.)

65. The remaining installation subcontractors engaged by Fluor to install travel trailers in Louisiana under the FEMA/Fluor contract never obtained any such required gas installation permit at any time during 2005 or 2006, or otherwise during the periods of their installations of travel trailers and their gas systems in Louisiana. Nor did their installation employees, while employed by such subcontractors, take or pass the gas

safety competency examination required in Louisiana for each such employee to have the legal capacity to perform such work. Those subcontractors were named Bobby Reavis Company, Inc., Concentric Project Controls, Inc., MLU Services, Inc., STI of Virginia, LLC, Steve Jones Homes, Classic Locksmith, Community Recovery, Inc., Westgate Homes, Inc., Multi-Task, Nottingham Construction, PSSF, RCG, Forbis Electrical Contractors, and Triple L Construction.

66. Beginning in September of 2005, Fluor began causing travel trailers and their gas systems to be installed illegally by its installation subcontractors, for use and occupancy by Louisiana residents displaced by Hurricanes Katrina and Rita, including the illegal installations of 310 trailers in September of 2005, 958 trailers in October of 2005, 4,074 trailers in November of 2005, 5,402 trailers in December of 2005, and 9,152 trailers in January of 2006.

67. On January 24, 2006, despite such knowledge of such violations of Louisiana's gas safety laws by its installation subcontractors, Fluor presented an invoice to FEMA claiming an entitlement to be paid \$5,007,035.00 by FEMA for trailer installations conducted during 2005 by non-permitted installation subcontractors as described above, intending and demanding that that amount be paid to Fluor by FEMA with funds of the United States.

68. Beginning in January of 2006, and continuing through the date of the last invoice to FEMA in which Fluor claimed payments for the installation activities of the subcontractors named above, Fluor made, used, and caused to be made or used, a series

of false statements to (and concealments from) FEMA designed and intended by Fluor managers to assure FEMA that Fluor's installation subcontractors were in compliance with Louisiana gas safety statutes, that the travel trailer installations being conducted by such subcontractors through their employees were lawful and otherwise proper, and that Fluor was otherwise entitled to be paid for such installation activities. All such statements, including the statements alleged as follows, were material to the legality of Fluor's claims for reimbursement for the costs incurred by Fluor for such activities, in that whether or not such statements were accurate was capable of influencing any FEMA decision to pay such reimbursement amounts, within the meaning of Subsections 3729(a)(1)(B) and 3729(b)(4) of the FCA. The concealments and false statements by Fluor to FEMA concerning the illegality of the subcontractors' installations also prevented FEMA from having the knowledge required to undertake any potential corrective action, or any reduction or deferral of payments to Fluor. FEMA's policy, practice and conduct was to presume that such statements made to it by such contractors were true. That presumption of truth was capable of influencing FEMA's decisions about whether or not to pay any such claim, and was a prerequisite, under FEMA policy and practice, to "Fluor's entitlement to be paid any such amounts.

69. On January 13, 2006, Stephen M. De Blasio, Sr., then the Chief of the FEMA Joint Field Office in Baton Rouge, Louisiana, wrote by email to senior Fluor managers Al Whitaker and Buck McElroy (who in turn forwarded that email to senior Fluor managers Lowell Wiles and Van Hodge), providing to each of them (under an email



subject titled “LP issues”) actual knowledge that Louisiana public safety officials were then engaged in “efforts to ensure proper training of (Fluor’s) sub-contractors relative to handing of units (TT’s and/or MH’s) equipped with LP fueled heat or cooking appliances.” That FEMA official’s email further provided to such Fluor executives the State government email addresses of each of the Relators at the Louisiana Department of Public Safety. Despite receiving that actual notice, no such Fluor manager, and no other person acting on behalf of Fluor, required any installation subcontractor (or any of their employees) to obtain any such training, or to obtain the required permits, or otherwise to come into compliance with Louisiana gas safety statutes. Moreover, in failing to make any response of any kind to that email or to the information therein, each of those four Fluor executives knowingly concealed from Mr. Deblasio, and thus from FEMA, the fact that none of Fluor’s installation subcontractors had then applied for or obtained the required permits, and that none of their employees had obtained the required training or taken the required examinations.

70. On or about January 29, 2006, the same senior FEMA official, Stephen DeBlasio, communicated by email to Fluor Manager Al Whitaker that an accumulation of propane gas within a travel trailer being installed by a different FEMA installation contractor had resulted in an explosion inside the trailer, seriously injuring two persons. Fluor Manager Whitaker responded to the FEMA official on that date by representing on behalf of Fluor that Fluor was “taking review measures now” about that topic. But the truth was that Fluor, to the contrary, was not reviewing and did not review, with its

installation subcontractors or their installation personnel who were then engaged in performing all relevant travel trailer gas system installations, any of the gas safety and training measures required by Louisiana law to prevent such gas explosions from occurring.

71. By January 20, 2006, Fluor had received actual knowledge that, because of continuing statutory permit violations by such FEMA installation contractors, Louisiana Gas Commission enforcement officials were informally going to direct such contractors to return to previously-installed (and then occupied) travel trailers for the purpose of testing their gas systems for gas leaks, in an administrative effort to mitigate the public safety risks caused by those earlier gas system installations performed without permitted subcontractors or trained employees.

72. Once Fluor had received such information on or about January 20, 2006, Fluor had a choice to make. As of that date, Fluor had caused its non-permitted installation subcontractors to install approximately 16,400 travel trailers (including the performance of the gas installation tasks described in Paragraph 51 above). (After that date of January 20, 2006, Fluor installed over 20,000 additional travel trailers and their gas systems.) Fluor as of January 20, 2006 could have directed its installation subcontractors to immediately apply for and obtain the State-required permits for their companies and the State-required gas safety training and examinations for their installation employees, so that all future installations could be lawfully and safely performed. Any such gas safety training would have included, among many other tasks, training in how properly to conduct a “pressure

test” on trailers’ gas systems in order to detect the presence of gas leaks. (Fluor could also have then directed its subcontractors to return to the 16,400 previously-installed trailers and perform the gas-related installation tasks, including a gas leak test, this time with personnel trained in gas safety. Such a directive could (and should) have required such subcontractors to perform such gas-related activities at no additional expense to Fluor or to FEMA, given the subcontractors’ earlier failures to obtain the required permits or personnel training).

73. But Fluor in January of 2006, and thereafter, decided to do no such thing. Even after receiving in January of 2006 such information about violations of State installation and training requirements by subcontractors then installing trailers and their gas systems for Fluor, Fluor knowingly and recklessly failed to obligate, direct, or recommend to its installation subcontractors that they obtain gas installation permits and get their installation employees trained in gas safety.

74. Instead of directing its installation subcontractors to comply with Louisiana’s gas statutes, Fluor beginning in January of 2006 decided to use the directive from the Gas Commission (requiring gas leak tests) as a vehicle for gaining substantially more federal funds from FEMA by hiring an entirely separate group of subcontractors (separate, that is, from Fluor’s then-existing installation subcontractors), to be engaged by Fluor only to conduct such tests. Fluor had a financial incentive to elect that course, because the more money it spent on subcontractor invoices, the more money it would be paid by FEMA to keep for itself in fee payments and “G & A” (General and

Administrative) payments calculated as a fraction of the amounts billed by Fluor's subcontractors.

75. Accordingly, and pursuant to the same design and election by Fluor, Fluor knowingly and fraudulently concealed from FEMA on and after January 20, 2006, that (a) its installation subcontractors remained without gas installation permits and their personnel remained without gas safety training, that (b) the pattern of earlier statutory violations by Fluor's installation subcontractors was the sole reason for the Gas Commission's directive requiring gas leak tests of previously-installed trailers, and that (c) but for those statutory violations by Fluor's subcontractors, no additional subcontractors would have been needed to test trailer gas systems and the resulting charges to FEMA for the testing activities of those subcontractors would not have occurred.

76. On or about February 21, 2006, FEMA official Tom Nadsady communicated to Fluor Manager Dave Methot an email "string" which again informed Methot that "any contractor employee who inspects or tests any LPG appliance is required to have a Class 2 license in the state of Louisiana," and that the Louisiana LP Gas Commission Director had advised that such permits were specifically required by Louisiana law for "all field teams" performing travel trailer installations. The same email string, communicated by FEMA to Fluor's Methot, contained the actual text of Louisiana's regulatory permit requirement, including the text of its provision that only holders of a "Class II" permit "may install" LP gas piping and appliances in travel trailers in Louisiana. In order to answer an inquiry from a different FEMA colleague about

whether FEMA's prime installation contractors were "in compliance" with Louisiana's "Class II permit" requirements, FEMA official Nadsady asked Fluor's Methot if Fluor was "getting the required certificates" required by the State.

77. As Methot and his Fluor colleagues then knew, the actual "field teams" who on behalf of Fluor were then engaged in inspecting and testing gas appliances in travel trailers as a part of their installations (and who were otherwise performing the remaining gas-related "ready-for-occupancy" tasks described in Paragraph 51 above) were the employees of Fluor's seventeen installation subcontractors. A truthful response by Fluor to FEMA's February 21, 2006 request for information about whether Fluor's "field teams" were "in compliance" with Louisiana's gas laws would have required Fluor to disclose to FEMA that none of Fluor's installation subcontractors were "in compliance" with any such permit requirement, and that none of those subcontractors' "field teams" were in compliance with Louisiana's gas safety training requirements.

78. Methot decided on behalf of Fluor not to make any truthful response to FEMA's inquiry of February 21, 2006. On that day, Methot obtained information that a subsidiary of Fluor itself, named Del-Jen, had itself obtained the required Class II gas permit and had sent its personnel to "the required courses." As Methot knew, Del-Jen was engaged only in post-installation maintenance of travel trailers, and was not engaged in any trailer installations. Nevertheless, Methot elected to forward only that information about Del-Jen to FEMA's Tom Nadsady, representing that the information about Del-Jen alone "responds to your request." As Methot knew, that was false. Methot's response to

FEMA on behalf of Fluor concealed from FEMA all information about whether Fluor's "field team" of installers were actually "in compliance" with Louisiana's gas laws, and was made with a specific intent to mislead and defraud FEMA about a legal and public safety issue with which FEMA was explicitly concerned.

79. In February of 2006, Fluor caused 6,524 travel trailers with gas systems to be installed by subcontractors not permitted (and through subcontractor employees not trained in gas safety), in violation of Louisiana gas safety statutes and Fluor's contract with FEMA.

80. On February 14, 2006, despite such knowledge of such violations of Louisiana's gas safety laws by itself and by its installation subcontractors, Fluor presented an invoice to FEMA claiming an entitlement to be paid \$4,091,025.00 by FEMA for trailer installations conducted by non-permitted installation subcontractors as described above, intending and demanding that that amount be paid to Fluor by FEMA with funds of the United States.

81. On or about March 8, 2006, Fluor Senior Manager Lowell Wiles was directly reminded by the Director of the Louisiana LP Gas Commission that (a) Louisiana law required "specific permits" for gas-related installation activities, that (b) not only Fluor but also "sub-contractors are required to hold separate permits specific to their company," that (c) "specific training is required for every employee who participates" in gas-related installation activities, and that a "Class II Permit allows us to connect gas bottles, install appliances and do the required pressure tests" within travel trailers.

82. Even after again receiving that information, and even in the face of Fluor's earlier receipt of explicit requests from FEMA for full disclosure by Fluor about whether or not such State gas safety requirements were being met by Fluor's "field team" of installation subcontractors and their employees, Fluor continued fraudulently to conceal from FEMA the fact that none of those subcontractors and none of their installation employees as of that time had complied with any such statutory requirements.

83. Even after receiving the same information, Fluor also continued to fail and refuse to communicate to any of its installation subcontractors that they had any obligation to apply for or achieve compliance with such permitting and training statutes.

84. On March 2, 2006, Fluor itself was formally charged by the Louisiana LP Gas Commission with violating 40 L. R. S. § 1847(A)(1), which required that "as a prerequisite to his or its right" in Louisiana to participate in the installation of LP gas appliances, a permit from the Commission was required. Fluor had been supervising installation of travel trailers that date, at a location near New Orleans, Louisiana called "Jazzland" (or "Six Flags"), without having obtained any permit to do so. Fluor Manager Phillip Halstead was informed by the Relators on that day of that charge and that statute.

85. Even after being charged with its own violation of that statutory requirement on March 2, 2006, Fluor willfully failed to communicate to any of its installation subcontractors the contents or substance of the statutory requirement which it had been found to violate, and further failed to obligate or recommend to any such installation subcontractor that they begin to submit permit applications or to enroll their

installers in gas safety training in order to come into compliance with any such gas safety statute. Fluor also willfully and fraudulently refused after March 2, 2006, to disclose to FEMA that Fluor's installation subcontractors were in violation of the same Louisiana gas statute under which Fluor had been charged.

86. During the month of March of 2006, knowing that neither it nor its installation subcontractors had a right to install travel trailer gas systems in Louisiana, Fluor through such non-permitted subcontractors (and their non-trained employees) caused 5,461 additional travel trailers and their gas systems to be illegally installed.

87. On March 14, 2006, despite such knowledge of such violations of Louisiana's gas safety laws by its installation subcontractors, Fluor presented an invoice to FEMA claiming an entitlement to be paid an additional amount of \$24,076,135.00 by FEMA for trailer installations conducted by non-permitted installation subcontractors (and non-trained subcontractor employees) prior to February 24, 2006.

88. During the month of April of 2006, knowing that the installation subcontractors performing all such trailer gas system installations had no right to do such installation work in Louisiana, Fluor through non-permitted subcontractors (and their non-trained employees) caused an additional 4,538 additional travel trailers and their gas systems to be illegally installed.

89. On or about April 17, 2006, Fluor Senior Manager Lowell Wiles, in an email he intended to be forwarded to FEMA Official Tom Nadsady (and which was that day forwarded to Nadsady by Fluor Manager Dave Methot), represented to FEMA as



follows concerning Fluor's gas compliance activities as of that date: "In order to comply with the Louisiana LP Gas requirements, Fluor, Affiliates, and sub-contractors has (sic) provided training to 400+ employees in the various activities required by the commission. This training was performed (by the) Louisiana LP Gas commission. Training is required for anyone involved directly in filling, exchanging, transporting, installing LP Gas or replacing LP gas systems." As Wiles and Methot both knew when that representation was made to FEMA, Fluor had not as of that time caused even one employee of even one of its seventeen installation subcontractors to be trained in gas safety (or to be issued a "competency card" affirming that they had passed the required examination), and sixteen of Fluor's seventeen installation subcontractors had not even received the required gas installation permit (which only one such contractor, DII, LLC, had then received).

90. Fluor's representation through Wiles and Methot to FEMA on April 17, 2006, that Fluor had performed any activity which had caused its "sub-contractors" to "comply with the Louisiana LP Gas requirements," was knowingly false with respect to all of Fluor's installation subcontractors and their installation employees, and was made by Wiles and Methot with a specific intent to mislead and defraud FEMA with respect to a legal and public safety issue which FEMA had communicated to Fluor was material to FEMA in its administration of the FEMA/Fluor contract.

91. On or about April 18, 2006, Fluor Manager Dave Methot represented by email to senior FEMA officials Errollyn Jackson, Tom Nadsady and John Ward Jr., that "(t)here have been no fire-related deaths in Fluor-installed trailers," responding to a

request from FEMA of the previous day for “information on any fire related deaths in Fluor installed trailers.” Fluor’s unequivocal response denying to FEMA any fire-related deaths in Fluor-installed trailers was misleading and deceptive. As Fluor had learned six days before that representation to FEMA, a trailer the gas system of which had been installed by (or under the supervision of) Fluor had exploded on April 12, 2006, in Slidell, Louisiana, resulting in severe and life-threatening third-degree burns on the body of trailer occupant John Meyers, as a result of which Meyers died on either April 18 or April 19, 2006.

92. Prior to and as a legal prerequisite to presenting each of its invoices to FEMA seeking reimbursement for trailer installations by Fluor’s installation subcontractors, Fluor represented to FEMA representatives, as a part of and in the course of a “walk-through” (or “RFO”) inspection of each installed travel trailer by such FEMA representatives, that the interior of each travel trailer had been installed by one of Fluor’s installation subcontractors, that each such trailer had properly and lawfully been made “ready for occupancy” by tenants in compliance with FEMA’s specifications and requirements for such “RFO” activities (which included the gas installation activities described in Paragraph 51 above and State permit and training requirements applicable thereto). For the reasons set forth above, all such representations as to each such travel trailer and its gas system were recklessly made and were knowingly false when made by Fluor representatives, and each concerned matters which were material to FEMA and to Fluor’s entitlement to be paid for such installation activities.

93. On or about November 3, 2006, in continuation of its previous pattern of reckless and knowing misrepresentations to FEMA about whether or not FEMA's installation subcontractors and their installation personnel had complied with Louisiana gas safety requirements, Fluor represented to FEMA in Fluor's "Work Plan Completion Report" that (a) Fluor had "installed travel trailers . . . in accordance with . . . State and local requirements," that (b) Fluor had "provided all permitting documentation required for review and application with . . . State Officials, to obtain the permits necessary for . . . installing travel trailers," that (c) Fluor had "required all subcontractor companies to obtain their own permits as needed, to perform the work," and that (d) Fluor's "proactive permitting approach included working hand-in-hand with local agencies to prepare all required permitting documentation prior to a work order being issued." All of those representations by Fluor to FEMA were knowingly and intentionally false when made.

94. As a part of the same pattern of false statements to FEMA, and in further and related attempts to mislead and defraud FEMA regarding Fluor's legal right to be reimbursed by FEMA for payments Fluor made or expected to make to its installation subcontractors, Fluor, having the corporate knowledge of the actual falsity of its statements to FEMA as described above, and of the legal falsity of all such reimbursement claims, represented and certified on the face of each of its invoices to FEMA that "this invoice is in accordance with the terms of the contract." Each such certification was knowingly false and was made with a corporate intent of defrauding FEMA to make

payments on legally false claims for reimbursement for the illegal installations by illegal installation subcontractors and their illegal installation personnel. (As used in this Paragraph and throughout this Second Amended Complaint, the terms “knowingly” (or “knowing” or “knew”), unless otherwise indicated, shall have the same meaning as Congress assigned to the terms “knowingly” and “knowing” in the FCA itself by virtue of 31 U.S.C. § 3729(b), namely “that a person, with respect to information, (1) has actual knowledge of the information; (2) acts in deliberate ignorance of the truth or falsity of the information; *or* (3) acts in reckless disregard of the truth or falsity of the information, and no proof of specific intent to defraud is required.”)

95. On each of the dates itemized in the first column below, Fluor presented to FEMA an invoice claiming and demanding payments by FEMA which included the amounts set forth in the second column below, as a result of trailer (and thus trailer gas system) installations by the installation subcontractors named in the third column below, performed prior to the dates itemized in the final such column, and therefore at times when Fluor knew such subcontractors and their employees had no right to do such installation work in Louisiana:

<b>Dates of Fluor Invoices To FEMA:</b>	<b>Amounts Charged for Installations By Non-Permitted Subcontractors:</b>	<b>Names of Relevant Subcontractors:</b>	<b>Dates Prior To Which Installations Performed:</b>
01/24/06	\$ 623,241.85	Bobby Reavis	12/27/05
01/24/06	4,383,793.69	MLU Services	12/19/05
02/15/06	3,924,483.03	MLU Services	12/29/05
02/15/06	166,542.15	STI of VA	11/29/05-12/13/05

03/14/06	1,177,065.38	Bobby Reavis	1/4/06-1/25/06
03/14/06	455,850.08	Bobby Reavis	2/1/06
03/14/06	3,372,959.19	MMR Constructors	2/23/06
03/14/06	2,887.77	P2s (Plant Perf. Svcs)	2/6/06
03/14/06	2,589,036.80	P2s	2/2/06-2/24/06
03/14/06	15,271,386.18	P2s	2/2/06-2/24/06
03/14/06	166,473.82	STI of VA	2/23/06
03/14/06	324,671.99	STI of VA	2/23/06
03/14/06	1,535,971.85	STI of VA	2/23/06
03/14/06	79,833.37	STI of VA	2/23/06
06/13/06	152,408.33	Arrighi Simoneaux	4/28/06
06/13/06	21,989.80	Bobby Reavis	4/28/06
06/13/06	2,009,002.20	Bobby Reavis	12/27/05
06/13/06	107,720.26	Bobby Reavis	2/6/06-2/8/06
06/13/06	2,393,090.76	MLU Services	2/2/06
06/13/06	860,812.97	MMR Constructors	2/23/06
06/13/06	6,092,762.94	MMR Constructors	4/26/06
06/13/06	620,382.70	P2s	4/25/06
06/13/06	3,320,234.88	P2s	4/25/06
07/05/06	2,396,296.08	Bobby Reavis	5/8/06-5/10/06
07/05/06	5,841,425.16	MLU Services	5/20/06
07/05/06	3,446,098.20	MLU Services	4/13/06; 5/10/06
07/05/06	13,488.17	STI of VA	5/9/06
07/05/06	1,010.47	STI of VA	5/9/06
07/05/06	27,796.07	STI of VA	5/1/06
7/05/06	71,545.19	STI of VA	3/29/06
12/01/06	263,777.02	Arrighi Simoneaux	10/25/06
12/01/06	63,386.69	Arrighi Simoneaux	11/7/06-11/8/06
12/01/06	905,474.19	Bobby Reavis	11/7/06
12/01/06	- 34,306.12	Bobby Reavis	11/7/06
12/01/06	734,290.22	MLU Services	10/24/06
12/01/06	771,054.99	MLU Services	10/24/06
12/01/06	4,151,354.62	MLU Services	10/24/06
12/01/06	192,312.00	MLU Services	9/13/06
12/01/06	19,854.99	STI of VA	11/6/06
12/01/06	122,354.60	STI of VA	11/6/06
12/01/06	121,410.46	STI of VA	11/6/06
12/01/06	159,857.94	STI of VA	11/6/06
12/27/06	17,119.03	Bobby Reavis	11/29/06
12/27/06	898,830.34	Bobby Reavis	10/30/06
12/27/06	3,105,114.92	MLU Services	11/22/06
12/27/06	157,001.15	MLU Services	11/13/06-11/14/06
12/27/06	85,610.78	MLU Services	11/13/06

12/27/06	1,707,410.15	MLU Services	11/13/06-11/14/06
12/27/06	219,409.43	MLU Services	11/14/06
12/27/06	1,725,196.26	MLU Services	10/24/06-11/14/06
12/27/06	10,487.33	STI of VA	11/10/06
12/27/06	6,883.59	STI of VA	11/10/06
12/27/06	64,984.36	STI of VA	11/10/06
12/27/06	39,402.05	STI of VA	11/10/06

96. Each such claim or invoice, and each further claim or invoice asserting Fluor’s entitlement to be paid for travel trailer installation work by each of Fluor’s remaining installation subcontractors, was a false claim on the date each was made, as Fluor then knew that its installation subcontractors at the relevant times had no right, capacity or entitlement to conduct such installation work, and the trailer installation subcontract provisions requiring performance of that work (including the gas-related tasks described in Paragraph 51 above) were rendered null and unenforceable by virtue of such installation subcontractors’ non-compliance with Louisiana’s gas safety statutes.

97. In reliance on the presumed truthfulness of Fluor’s statements and certifications that such installation subcontractors were acting in compliance with Louisiana’s gas safety statutes, and Fluor’s related representation that it was legally entitled to be paid that amount, FEMA paid each such monetary amount to Fluor, causing damage (and thus “injury in fact”) to the United States Treasury to the extent of each such amount, which the United States is entitled to recover in this action, including additional overhead charges claimed by and paid to Fluor (in the amounts of a 8.9% “fee” or profit to Fluor, 2.81% for “General and Administrative” overhead charges, and .097% for “cost of

money” charges), which fractions were multiplied by Fluor times such “direct costs” amounts from installation subcontractors and charged by Fluor in addition to Fluor’s claims for reimbursement for those subcontractor charges. The same conduct by Fluor also caused further damages to FEMA (and thus to the United States) as a result of FEMA’s payment for at least \$5,101,098 in “direct costs” (and an additional amount of at least \$602,440 for “overhead” thereon) for additional charges made necessary when, because of Fluor’s violations of Louisiana’s gas safety statutes, Fluor was administratively required by Louisiana officials to conduct separate leak tests of trailers months after the trailers had been originally installed and occupied by tenants.

**VI. Shaw’s Knowing Disregard of Louisiana’s Gas Safety Laws  
(and Resulting False Statements and False Claims to FEMA)**

98. In order to perform all of the travel trailer installations required of it by the terms of the FEMA/Shaw contract referred to above, Shaw elected to enter subcontracts with nine different installation subcontractors, which through their installation employees performed all of the approximately 25,000 travel trailer installations in Louisiana for which Shaw ultimately billed (and was paid by) FEMA under that contract.

99. The central and ultimate purpose of the FEMA/Shaw contract (i.e., to provide temporary housing units on an emergency basis for hurricane-displaced persons) required that Shaw enter a single installation subcontract with a single subcontractor to perform all installation tasks required as to any particular travel trailer within any particular parish or location in or at which FEMA directed Shaw to cause a housing unit to

be installed. The necessities of that FEMA/Shaw contract purpose precluded Shaw from hiring separate subcontractors to perform separate tasks on any one travel trailer (or at any one installation site). Accordingly, the same necessities precluded Shaw from hiring a separate subcontractor to perform only installation activities specific to the LP gas system or LP gas appliances within each travel trailer, or from establishing or paying a different or distinct monetary value or price in exchange for those gas-related activities alone.

100. The written terms of that FEMA/Shaw contract required Shaw, and Shaw in turn expressly required each of its nine installation subcontractors through its subcontracts with each, to perform specified “Travel Trailer Installation” tasks required to “Make (the) Travel Trailer Ready for Occupancy,” including tasks to “activate utility systems and make minor repairs,” to “test appliances,” to “activate, test and make any necessary minor repairs to the refrigerator, range, furnace . . . and water heater for proper operations,” to “adjust (gas) pilots and burners, change orifices, water heater elements, etc., as needed,” and also required Shaw to “Fill Propane Tanks” and “inspect connections” as to those L P gas tanks. Accordingly, personnel engaged in installing travel trailers were provided by Shaw with a “Ready for Occupancy (or “RFO”) Checklist,” which required all trailer installation personnel to “(m)ake sure left propane tank is on and the right tank is off and check for leaks,” to “(t)urn left tank off and turn the right tank on and check for leaks,” to “(v)erify that both propane tanks are full,” to “(c)heck that the gauges on both gas tanks function,” to “(c)heck that LP gas detector is flowing GREEN, IF RED = gas leak, get out and turn off the gas,” to “(s)tart the water



heater,” to “(c)heck . . . gas detector as applicable,” to “(l)ight the oven pilot and each top burner,” to “(c)heck the refrigerator,” to “(c)heck heat . . . for proper operation,” and to “(c)heck the range/oven . . . furnace . . . and water heater operate (sic) properly.”

101. FEMA maintained a policy and practice of not allowing or authorizing FEMA employees to research or interpret the contents of State licensing, permitting or safety statutes which might apply to any particular such tasks or contractual obligation.

102. Accordingly, FEMA by the terms of the FEMA/Shaw contract generally required Shaw to comply with all State licensing, permitting and safety training statutes, and expressly shifted and assigned to Shaw the exclusive burden of and responsibility for conducting Shaw’s own research in order to identify the particular contents of any particular Louisiana licensing, permitting or safety statutes which applied to such installation tasks, including the gas installation activities described in Paragraph 100 above, and affirmatively to bring its own conduct, and the conduct of any installation subcontractor it hired to perform any such activities, into compliance with any such law.

103. In the course of and for the purpose of inducing FEMA to enter the FEMA/Shaw contract, Shaw as part of a written proposal by Shaw to FEMA dated September 27, 2006, represented that if selected to enter such a contract Shaw would implement a “Program Quality Plan” as a part of which “Shaw quality staff” would “perform verification activities of subcontractors” including “oversight of the subcontractor’s (Quality Control) activities and review of the subcontractor’s documentation verifying compliance with . . . applicable specifications, rules and

regulations.”

104. In the course of negotiating, entering and enforcing its trailer installation subcontracts with each of its nine installation subcontractors beginning in late 2005, Shaw on information and belief received from all prospective and actual subcontractors copies of all of their Louisiana permits and licenses then held by, or being applied for by, each such prospective or actual sub-contractor (both before and after each of their subcontracts was entered). Through the receipt and review of all such permits, licenses and applications therefor, Shaw thereby gained actual knowledge that, both on the dates their subcontracts were entered and on the dates they began their trailer installations, not one of the prospective or actual installation subcontractors held, or had applied for, any of the gas installation permits, and that none of those subcontractors’ employees had passed the gas safety examination (and thus earned or been issued a “competency cards”), required by Louisiana law as a prerequisite to the lawful conduct of any such gas installation activities.

105. In negotiating, entering, and implementing its subcontracts with each of its installation subcontractors, moreover, Shaw never made any reference to any of Louisiana’s LP Gas Commission statutes or regulations (or to any permits or training required thereby) in the terms of any of its installation subcontracts or any associated documents or specifications, and never otherwise enforced as to any such installation subcontractor (or any of their employees) any permitting, training or other requirement of Louisiana’s LP gas statutes or regulations, or otherwise obligated any of them to proceed

to obtain gas installation permits or gas safety training, or otherwise begin to comply with those gas laws.

106. At no time prior to the commencement of or during the travel trailer installations by each or any of Shaw's installation subcontractors did Shaw communicate to any such subcontractor that, even if they did not have a gas permit or have their employees trained in gas safety prior to entering their subcontract with Shaw, they still were obligated or encouraged by Shaw to apply for and/or obtain a permit (and/or the required safety training) prior to commencement or conduct of their installations of travel trailers and their gas systems.

107. At no time prior to the commencement of travel trailer installations by each or any of Shaw's installation subcontractors did Shaw specifically require any such subcontractor or their installation employees to comply with any Louisiana gas statute or regulation, obtain gas safety training, or verify or confirm to Shaw that any of them had done so (or had submitted applications to do so).

108. At no time prior to submitting any invoice to FEMA for reimbursements to Shaw for the installation activities of each or any of its fourteen installation subcontractors did Shaw specifically require any such subcontractor or their installation employees to comply with any Louisiana gas statute or regulation, obtain gas safety training, or verify or confirm to Shaw that any of them had done so.

109. At no time prior to submitting any invoice to FEMA for reimbursements to Shaw for the installation activities of each or any of its fourteen installation subcontractors

did Shaw do anything to enforce as to those subcontractors any requirement that they comply with any Louisiana gas statute or regulation, obtain gas safety training.

110. At no time following its entry of each of its fourteen trailer installation subcontracts did Shaw make any specific inquiry to any of those subcontractors to notify or inform Shaw as to whether or not they or their employees had come into compliance with Louisiana's gas safety statutes.

111. Even after Shaw affiliate Shaw Group, Inc. had first obtained its own gas installation permit ("Class II") on April 27, 2006, and also after Shaw had itself first obtained its own gas installation permit on July 20, 2006 (required by Louisiana statute in order to have the legal capacity to supervise, control, or conduct LP gas installations in travel trailers), Shaw still did not obligate any of its installation subcontractors to comply with any such Louisiana gas statutes, or to verify to Shaw that they had done so (or had submitted applications to do so).

112. The nine installation subcontractors engaged by Shaw to install travel trailers in Louisiana under the FEMA/Shaw contract never obtained any such required gas installation permit at any time during their installations of travel trailers and their gas systems in Louisiana in 2005 or 2006. Nor did their installation employees, while employed by such subcontractors, take or pass the gas safety competency examination required in Louisiana for each such employee to have the legal capacity to perform such work. Those subcontractors were named Durr Heavy Construction, Epics Technical Services, Harris Builders LLC, BKR Contractors, MLU Services, RCS

Constructors, Woodrow Wilson Construction Co., Gee Cee Co. of America, and RCG Enterprises, Inc.

113. Beginning in January of 2006, and continuing through the date later in 2006 of the last invoice to FEMA in which Shaw claimed payments for the installation activities of the subcontractors named above, Shaw made, used, and caused to be made or used, a series of false statements to (and concealments from) FEMA, designed by Shaw managers to assure FEMA that Shaw's installation subcontractors were in compliance with Louisiana gas safety statutes, that the travel trailer installations being conducted by such subcontractors through their employees were lawful and otherwise proper, and that Shaw was otherwise entitled to be paid for such installation activities. All such statements, including the statements alleged as follows, were material to the legality of Shaw's claims for reimbursement for the costs incurred for such activities, in that whether or not such statements were accurate was capable of influencing any FEMA decision to pay such reimbursement amounts, within the meaning of Subsections 3729(a)(1)(B) and 3729(b)(4) of the FCA. The concealments and false statements by Shaw to FEMA concerning the illegality of the subcontractors' installations also prevented FEMA from having the knowledge required to undertake any potential corrective action, any reduction or deferral of payments to Shaw. FEMA's policy, practice and conduct was to presume that such statements made to it by such contractors were true. That presumption of truth was capable of influencing FEMA's decisions about whether or not to pay any related claim, and was a prerequisite, under FEMA policy and practice, to Shaw's entitlement to be paid

any such amounts.

114. On January 13, 2006, Stephen M. De Blasio, Sr., then the Chief of the FEMA Joint Field Office in Baton Rouge, Louisiana, wrote by email to senior Shaw Managers Geoffrey Compeau and Jimmy Screen, providing to each of them (under an email subject titled “LP issues”) actual knowledge that Louisiana public safety officials were engaged in “efforts to ensure proper training of (Shaw’s) sub-contractors relative to handing of units (TT’s and/or MH’s) equipped with LP fueled heat or cooking appliances.” That FEMA official’s email further provided to both such Shaw executives the State government email addresses of each of the Relators at the Louisiana Department of Public Safety. Despite receiving that actual notice, neither such Shaw executive, and no person acting on behalf of Shaw, required any installation subcontractor (or any of their employees) to obtain such training, or to obtain the required permits, or otherwise to come into compliance with Louisiana gas safety statutes. Moreover, in failing to make any response of any kind to such email or to its information or directive, both Shaw executives knowingly concealed from Mr. Deblasio, and thus from FEMA, that none of Shaw’s installation subcontractors had then applied for or obtained the required permits, and that none of their employees had sought or obtained the required training.

115. On the same day of January 13, 2006, on which Shaw received from FEMA that same information about the State’s efforts to “insure proper training” of the employees of Shaw’s trailer installation subcontractors as to the “handling of (travel trailers) equipped

with LP fueled heat or cooking appliances,” Shaw Manager Steve Brunts learned (in a meeting with the Relators) that because Shaw was then allowing trailer gas systems to be readied for use by tenants through subcontractor employees not trained and subcontractors not permitted as required by Louisiana law, “state regulatory guidance is being violated” and “safety may be compromised for the tenants.” Shaw also then learned that because of those continuing statutory violations by Shaw and its installation subcontractors, Louisiana Gas Commission enforcement officials were informally going to direct Shaw to return to previously-installed (and then occupied) travel trailers for the purpose of testing their gas systems for gas leaks, in an effort to mitigate the public safety risks caused by Shaw’s (and its subcontractors’) violations.

116. Once Shaw had received on January 13, 2006, actual knowledge of the information described in the two immediately preceding paragraphs, Shaw had a choice to make. As of that date, Shaw had caused its non-permitted installation subcontractors to install approximately 8,838 travel trailers (including the performance of the gas installation tasks described in Paragraph 100 above). (After that date of January 13, 2006, Shaw installed approximately 14,565 additional travel trailers and their gas systems.) Shaw as of January 13, 2006, could have directed its installation subcontractors to immediately apply for and obtain the State-required permits for their companies and the State-required gas safety training and examinations for their installation employees, so that all future installations could be lawfully and safely performed. Any such gas safety training would have included, among many other tasks, training in how properly to

conduct a “pressure test” on trailers’ gas systems in order to detect the presence of gas leaks. (Shaw could also have then directed its subcontractors to return to the 8,838 previously-installed trailers and perform the gas-related installation tasks, including a gas leak test, this time with lawful personnel trained in gas safety. Such a directive could (and should) have required such subcontractors to perform such gas-related activities at no additional expense to Shaw or to FEMA, given the installation subcontractors’ earlier failures to obtain the required permits or personnel training).

117. But Shaw in January of 2006 (and thereafter) decided to do no such thing. Even after receiving as of January 13, 2006 all such information from both FEMA and the Relators about violations of State installation and training requirements by subcontractors then installing trailers (and their gas systems) for Shaw, Shaw knowingly and recklessly failed to require, direct, or recommend to its installation subcontractors that they obtain gas installation permits and get their installation employees trained in gas safety.

118. Instead of directing its installation subcontractors to comply with Louisiana’s gas statutes, Shaw on and after January 13, 2006 decided to use the directive from the Gas Commission (requiring post-installation gas leak tests) as a vehicle for gaining substantially more federal funds from FEMA by hiring an entirely separate group of subcontractors (separate, that is, from Shaw’s installation subcontractors), to be engaged by Shaw only to conduct such tests. Shaw had a financial incentive to elect that course, because the more money it spent on subcontractor invoices, the more money it would be paid by FEMA to keep for itself in fee payments and “G & A” (General and



Administrative) payments calculated as a fraction of the amounts billed by Shaw's subcontractors.

119. Accordingly, and pursuant to the same design and election by Shaw, Shaw knowingly and fraudulently concealed from FEMA on and after January 13, 2006, that (a) its installation subcontractors remained without legally-required gas installation permits and their personnel remained without legally-required gas safety training, that (b) the pattern of earlier statutory violations by Shaw and its installation subcontractors was the sole reason for the Gas Commission's directive requiring gas leak tests inside previously-installed trailers, and that (c) but for those statutory violations by Shaw's subcontractors, no additional subcontractors would have been needed to test trailer gas systems (and the resulting charges to FEMA for the testing activities of those subcontractors would not have occurred).

120. On or about January 29, 2006, Shaw managers learned that an explosion had occurred as a result of an accumulation of LP gas in a travel trailer installed by Shaw installation subcontractor MLU Services, resulting in serious burn injuries to two persons. Shaw also learned that day that MLU had illegally installed that trailer's gas system without having obtained the State-required permit to do so, and without having secured training in gas safety for its installation employees. Even then, and also thereafter, Shaw failed to oblige or direct MLU Services to apply for or obtain any gas installation permit, or to obtain gas safety training for such employees in the future. In selectively disclosing to FEMA certain aspects of that explosion and those injuries, Shaw also fraudulently

concealed from FEMA that MLU Services had installed the trailer's gas system in violation of the permitting requirements of Louisiana gas statutes, with employees who had not been trained in gas safety as required by those statutes.

121. On February 14, 2006, pursuant to Shaw's corporate decision to seek additional funds from FEMA for payments to a new group of subcontractors hired only to conduct gas leak tests in trailers, Shaw Senior Contract Manager Jim Brixius represented to FEMA Official David Orris that Shaw would expect to charge FEMA an estimated "5 to 7 million in additional cost" in order to implement "the Louisiana requirement to inspect the gas systems" in previously-installed travel trailers. Brixius then also represented to FEMA in Shaw's effort to obtain such additional federal funds as follows: "Now we understand that our contract states that we comply with all Federal, State and Local laws and regulations, which we are doing, but with cost involved we request a review of the requirement and FEMA's opinion on how to comply and proceed with this." As Brixius and other Shaw managers then knew, that material representation to FEMA - that Shaw was then in compliance with relevant State regulations - was entirely false. That knowingly false statement was made to FEMA with a specific intent to defraud FEMA into presuming and believing that the original installations of the travel trailers' gas systems, through the activities by Shaw's installation subcontractor employees described in Paragraph 100 above, had been performed in compliance with Louisiana's gas permitting and training statutes.

122. Even after falsely and fraudulently representing to FEMA on February 14,

2006, that Shaw's installation activities were in compliance with Louisiana gas statutes, Shaw failed to obligate or encourage its installation subcontractors to apply for gas installation permits, or otherwise to begin to come into compliance with those gas installation statutes.

123. On or about April 18, 2006, FEMA Auditor Douglas Denson requested from Shaw information about "the personnel that are installing the units that use propane. (License numbers and procedures for pressure testing the units prior to people moving in the unit.)" As Shaw then knew, the activities related to "*installing*" the propane gas-related portions of the trailer interiors "*prior to people moving in the unit*" were the activities described in Paragraph 100 above, and the "*personnel*" who were "*installing*" such aspects of the trailers were the employees of Shaw's nine installation subcontractors.

124. Even after its receipt by email of that April 18, 2006 request from FEMA Auditor Denson, Shaw fraudulently concealed from Denson (and otherwise from FEMA) that none of its installation subcontractors who had been "installing" the trailers' gas systems "prior to people moving in the unit(s)" had received State-required gas installation permits or had sent their personnel to the State-required gas safety training course. Indeed, Shaw decided to provide to Denson no information about any of those nine installation subcontractors.

125. On May 7, 2006, FEMA Official Ricky Corum forwarded to Shaw Manager Gary Quay an email authored by FEMA Senior Official Clifford Oliver, titled "Re: LPG Certification of Trailers in Louisiana," in which Mr. Oliver affirmed, in the context of

Shaw's expected transfer of its trailer installation activities to new FEMA contractors, that "Shaw has a responsibility to turn over the units meeting all laws and regulations."

126. Also on May 7, 2006, Shaw Manager Don Counts admitted to the same FEMA Official Ricky Corum the following: "All parties associated with any handling of propane are required to attend training and pass an exam associated with the specific class desired. These exams are administered and maintained by the State LPG Commission."

127. Even after receiving on May 7, 2006 that emphatic reminder from FEMA, and even after assuring FEMA that Shaw recognized that any and all persons "associated with any handling of propane are required to attend training and pass an exam," Shaw still failed to obligate or direct its installation subcontractors to comply with such State requirements, and still fraudulently concealed from FEMA that they were not in compliance therewith.

128. On or about May 24, 2006, Shaw falsely represented to FEMA, in a document titled "Award Justification - Haul & Install of Trailers," that in the course of the FEMA/Shaw installation contract Shaw had selected and used installation subcontractors "having the requisite knowledge of local ordinances (sic) and licensure requirements to perform this work." That representation was then known by Shaw to be false, and was communicated to FEMA by Shaw with a specific intent to defraud FEMA about the legality of such subcontractors' installation activities.

129. Prior to and as a legal prerequisite to presenting each of its invoices to FEMA seeking reimbursement for trailer installations by Shaw's installation

subcontractors, Shaw represented to FEMA representatives, as a part of and in the course of a “walk-through” (or “RFO”) inspection of each travel trailer by such FEMA representatives, that the interior of each travel trailer had been installed by one of Shaw’s installation subcontractors, that each such trailer had properly and lawfully been made “ready for occupancy” by tenants in compliance with FEMA’s specifications and requirements for such “RFO” activities (which included the gas installation activities described in Paragraph 100 above and State permit and training requirements applicable thereto). For the reasons set forth above, all such representations as to each such travel trailer and its gas system were recklessly made and were knowingly false when made by Shaw representatives, and each concerned matters which were material to FEMA and to Shaw’s entitlement to be paid for such installation activities.

130. Knowing that none of the installation subcontractors named below had received any Louisiana gas installation permit, and that their installation employees had not been trained or tested in gas safety practices as required by the Louisiana gas laws, and thus knowing that such companies and their employees did not have a legal “right to install” gas systems in FEMA travel trailers in Louisiana by virtue of those statutes, Shaw nevertheless caused substantially all of the trailer gas system installations for which Shaw later submitted installation invoices to FEMA to be performed by the subcontractors listed in the left-most column in the table below, each of which installed approximately the number of trailer gas systems reflected to the right of each such subcontractor’s name during each of the months reflected in the second and later columns in the table below:

<i><u>Name of Non-Permitted Shaw Sub:</u></i>	<i><u>Oct. 2005</u></i>	<i><u>Nov. 2005</u></i>	<i><u>Dec. 2005</u></i>	<i><u>Jan. 2006</u></i>	<i><u>Fev. 2006</u></i>	<i><u>Mar. 2006</u></i>	<i><u>April 2006</u></i>	<i><u>May 2006</u></i>	<i><u>June 2006</u></i>	<i><u>July 2006</u></i>
<b>Durr Heavy Construction</b>	616	1,436	1,012	1,468	753	305	120	82	36	12
<b>Harris Builders LLC</b>	564	446	449	713	553	576	193	129	67	18
<b>BKR Contractors Corp.</b>	2	169	263	367	49	433	293	182	168	91
<b>MLU Services, Inc.</b>	1	179	345	831	723	641	454	297	133	27
<b>RCS Contractors</b>	0	265	194	207	180	225	108	66	37	3
<b>Woodrow Wilson Constr. Co.</b>	1	177	260	540	593	1127	664	653	416	145
<b>Gee Cee Co. of Amer.</b>	0	0	88	235	85	38	17	12	5	0
<b>RCG Enterprises, Inc.</b>	6	90	118	337	158	35	21	12	4	1

131. As Shaw knew during each such month, each and every one of the trailer installations reflected in the table immediately above included as a material and essential part of that installation an illegal installation of a trailer gas system, by a non-permitted subcontractor engaged by Shaw and by non-trained and non-carded employees who likewise had no legal right (and no legal capacity) to undertake such installations under the law of Louisiana.

132. On or about each of the invoice dates listed below, Shaw presented or caused to be presented to FEMA, and thus to officers of an Agency of the United States, invoices for payments using the invoice numbers listed below, claiming a legal entitlement to payments in the amounts listed below for each such invoice number and invoice date, for trailer installation services performed by each of the trailer installation subcontractors named below, for installation services which included illegal gas system installations performed by untrained and non-carded employees of the same non-permitted installation subcontractors of Shaw:

<b>Installation Subcontractor Name:</b>	<b>Date of Shaw Invoice to FEMA:</b>	<b>Amounts Charged by Shaw to FEMA:</b>	<b>Date by Which Installations Had Been Performed:</b>	<b>Invoice Number:</b>
BKR Contractors Corp.	4/21/06	3,342,338.00	3/24/06	144450
BKR Contractors Corp.	5/24/06	2,168,417.00	4/21/06	147150
Durr Heavy Construction	3/16/06	2,676,250.00	1/23/06	140558
Durr Heavy Construction	5/24/06	2,599,100.00	4/13/06	147150
Epic Technical Services	3/1/06	1,279,261.31	12/30/05	133671
Epic Technical Services	3/15/06	629,968.56	2/14/06	140036
Epic Technical Services	4/11/06	516,962.90	3/13/06	141533
Epic Technical Services	5/10/06	299,271.65	3/28/06	145472
Gee Cee Co. of LA, Inc.	5/24/06	9,800.00	4/7/06	147150
Harris Builders LLC	3/16/06	85,540.00	2/14/06	140558
Harris Builders LLC	5/24/06	7,124,706.00	4/4/06	147150
MLU Services Inc.	3/16/06	591,780.00	3/2/06	140558
MLU Services Inc.	4/21/06	7,168,466.00	4/5/06	144450
MLU Services Inc.	5/24/06	2,960,956.80	4/27/06	147150
RCG Enterprises Inc.	3/16/06	60,000.00	2/11/06	140558
RCS Contractors	5/24/06	1,640,156.38	4/13/06	147150
Woodrow Wilson	5/24/06	15,691,530.00	4/21/06	147150

Construction Co.

133. On the date of May 24, 2006, the last such date of Shaw's invoices to FEMA for such installation services, Shaw represented to the Louisiana Gas Commission that "we plan to comply with your regulations." As reflected above, by that date all of the gas system installations which had been the subject of Shaw's invoices to FEMA had already taken place by the time Shaw purported to formulate a "plan" to begin compliance with Louisiana's gas safety laws. Even then (and thereafter), Shaw failed to communicate to any of its installation subcontractors any obligation or direction that they comply with such gas safety laws.

134. From Shaw's knowledge of the falsity of its own representations in its own Work Plan to FEMA as described above, and from its knowledge of FEMA's explicit requirements that trailer installations be performed in accordance with State permitting and other regulations, Shaw knew that Shaw's trailer gas system installations had violated those Louisiana gas safety laws, and had been performed by persons and subcontractors who had no legal capacity or right to perform such installations under Louisiana law, and thus that Shaw had no legal entitlement to be paid for such illegal installations (and indeed that the subcontract provisions requiring such gas installations, including the gas activities described in Paragraph 100 above, had been rendered null and unenforceable by virtue of Shaw's disregard of such laws).

135. As Shaw knew, therefore, the claims it presented or caused to be



presented to FEMA in order to get payments from FEMA for trailer installations not conducted in compliance with Louisiana gas safety statutes were false claims within the meaning of the FCA, and were presented to FEMA in violation of 31 U.S.C. § 3729(a)(1).

136. All claims submitted by Shaw to FEMA for payments for trailer “installations” (or “haul and install” activities) performed as to the trailers’ gas systems by non-carded individuals and/or non-permitted subcontractors, including but not limited to the claims itemized above, caused damage (and thus “injury in fact”) to the United States in the full amounts of all payments made by FEMA in response to such claims by Shaw, since no such payments would have been made but for such invoices falsely representing compliance with the terms of the task orders incorporated into such claims invoices. The same conduct by Shaw also caused further damages to FEMA (and thus to the United States) which the United States is entitled to recover in this action, including additional overhead charges (as fees and “General and Administrative” charges) claimed by and paid to Shaw as fractions of all such “direct costs” charged to Shaw by non-permitted installation subcontractors. The same conduct by Shaw also caused further damages to FEMA (and thus to the United States) as a result of FEMA’s payment for at least \$1,155,947 in direct and “overhead” charges incurred when, because of Shaw’s violations of Louisiana’s gas safety statutes, Shaw was required by Louisiana officials to conduct separate leak tests of trailers months after the trailers had been originally installed and occupied by tenants.

## **VII. CH2M Hill’s Knowing Disregard of Louisiana’s Gas Safety Laws**

**(and Resulting False Representations and False Claims to FEMA)**

137. In order to perform all of the travel trailer installations required of it by the terms of the FEMA/Hill contract referred to above, CH2M Hill elected to enter subcontracts with fourteen different subcontractors, which through their installation employees performed all of the approximately 8,364 travel trailer installations in Louisiana for which CH2M Hill ultimately billed and was paid by FEMA under that contract.

138. The central and ultimate purpose of the FEMA/Hill contract (i.e., to provide temporary housing units on an emergency basis for hurricane-displaced persons) required that CH2M Hill enter a single installation subcontract with a single subcontractor to perform all installation tasks required as to any particular travel trailer within any particular parish or location in or at which FEMA directed CH2M Hill to cause a housing unit to be installed. The necessities of the FEMA/Hill contract purpose precluded CH2M Hill from hiring separate subcontractors to perform separate tasks (including the tasks required to install a trailer's gas appliances or gas system) on any one travel trailer, or from establishing or paying a different or distinct monetary value or price to the conduct of LP gas installation activities alone.

139. The written terms of that FEMA/Hill contract required Hill, and Hill in turn expressly required each of its fourteen installation subcontractors through its subcontracts with each, to perform specified "Travel Trailer Installation" tasks required to "Make (the) Travel Trailer Ready for Occupancy," including tasks to "activate utility systems and

make minor repairs,” to “test appliances,” to “activate, test and make any necessary minor repairs to the refrigerator, range, furnace . . . and water heater for proper operations,” to “adjust (gas) pilots and burners, change orifices, water heater elements, etc., as needed,” and also required Hill to “Fill Propane Tanks” and “inspect connections” as to those L P gas tanks. Accordingly, personnel engaged in installing travel trailers were provided by Hill with a “Travel Trailer Make Ready for Occupancy (RFO) Checklist” which required trailer installation personnel to verify that “utility systems (were) all working properly,” and to “verify (that) appliances, monitors and systems are working properly,” including the “range (all burners and oven),” the “furnace,” and the “water heater” within each travel trailer, as a part of each such installation.

140. Consistent with FEMA’s policy and practice of not allowing or authorizing FEMA employees to research or interpret the contents of such State licensing, permitting or safety statutes applicable to any such contract, CH2M Hill undertook a contractual obligation to research and identify for itself any such Louisiana statutes or regulations that governed installation activities, including the gas installation activities described in the immediately preceding paragraph, and is thereby charged with knowledge of such laws.

141. In the course of negotiating, entering and operating CH2M Hill’s installation subcontracts with each of its fourteen installation subcontractors beginning in late 2005, CH2M Hill contracting employees gathered and researched documentation about all permits and licenses then held by (or applied for by) each such subcontractor in Louisiana, and thereby gained for CH2M Hill actual knowledge that not one of the prospective or

actual installation subcontractors held or had applied for any of the gas installation permits, and that none of those subcontractors' employees had passed the gas safety examination (and thus earned or been issued a "competency cards"), required by Louisiana law as a prerequisite to the lawful conduct of any such gas installation activities.

142. In negotiating, entering, and implementing its installation subcontracts with each of those installation subcontractors, moreover, CH2M Hill never mentioned in the terms of any of its installation subcontracts (or any associated documents) any of Louisiana's gas permit or training requirements (or any of Louisiana's gas statutes or regulations), and never otherwise communicated to any such installation subcontractor that CH2M Hill was obligating or had obligated any such installation subcontractor to comply with, or to make application to comply with, any such Louisiana gas statute. Indeed, CH2M Hill never imposed or communicated any specific requirement or recommendation that any of them proceed to obtain gas installation permits or safety training, or that they otherwise begin at any point to comply with Louisiana's LP Gas Commission statutes or regulations.

143. Throughout all of its communications with each of its trailer installation subcontractors, CH2M Hill failed and refused to enforce against such subcontractors Louisiana's LP gas laws, and disregarded the requirements of such laws as they pertained to the installation activities and obligations of such subcontractors. CH2M Hill imposed no requirement on any such subcontractor which CH2M Hill itself regarded as required by any such laws.

144. At no time prior to the commencement of travel trailer installations by each or any of CH2M Hill's fourteen installation subcontractors did CH2M Hill require of any such subcontractor or their installation employees that, even if they did not have a gas permit or gas safety training prior to entering their subcontract, they were obligated to (or otherwise should) obtain a permit and gas safety training prior to their commencement of travel trailer installations (and thus trailers' gas systems).

145. At no time prior to the commencement of travel trailer installations by each or any of CH2M Hill's fourteen installation subcontractors did CH2M Hill specifically obligate any such subcontractor or their installation employees to comply with any Louisiana gas statute or regulation, obtain gas safety training, or verify or confirm to CH2M Hill that any of them had done so.

146. At no time prior to submitting any invoice to FEMA for reimbursements to CH2M Hill for the installation activities of each or any of its fourteen installation subcontractors did CH2M Hill obligate any such subcontractor or their installation employees specifically to comply with any Louisiana gas statute or regulation, obtain gas safety training, or verify or confirm to CH2M Hill that any of them had done so.

147. At no time following its entry of each of its fourteen trailer installation subcontracts did CH2M Hill make any specific inquiry or request to any of those subcontractors that they notify or inform CH2M Hill about whether or not they or their employees had come into compliance with Louisiana's gas safety statutes.

148. CH2M Hill did not itself come into corporate compliance with Louisiana's

gas safety statutes until March 30, 2006, on which date it first obtained a Class II permit required by Louisiana statutes in order to have the legal capacity to supervise, control, or conduct LP gas installations in travel trailers.

149. CH2M Hill installation subcontractor Babcock Services, Inc., did not come into compliance with Louisiana's gas safety statutes until the same date of March 30, 2006, on which it first obtained the required Class II gas installation permit. Before obtaining that permit, and without the legal capacity or personnel training required to do so, Babcock Services had illegally installed the gas systems and appliances in approximately 620 travel trailers in Louisiana. (No monetary claims for payments for any installations made by Babcock Services after the date of its permit are alleged to be false in this case.)

150. CH2M Hill installation subcontractor MMR Constructors, Inc., did not come into compliance with Louisiana's gas safety statutes until April 27, 2006, on which it first obtained the required Class II gas installation permit. Before obtaining that permit, and without the legal capacity or personnel training required to do so, MMR Constructors had illegally installed the gas systems and appliances in approximately 854 travel trailers in Louisiana. (No monetary claims for payments for any installations made by MMR Constructors after the date of its permit are alleged to be false in this case.)

151. The remaining installation subcontractors engaged by CH2M Hill to install travel trailers in Louisiana under the FEMA/Hill contract never obtained any such required gas installation permit at any time during their installations of travel trailers and their gas

systems in Louisiana. Nor did their installation employees, while employed by such subcontractors, take or pass the gas safety competency examination required in Louisiana for each such employee to have the legal capacity to perform such work. Those subcontractors were named Airmart, Inc., All Points Logistics, Inc., Country Living Mobile Homes, Inc., Durr Heavy Construction, LLC, James Construction, LLC, Kingston Environmental Services, Inc., Nottingham Construction Company, LLC, RCG Enterprises, Inc., RDM Contracting LP, Robinson Industries, Inc., Simoneaux Mobile Home Movers, LLC, and TKTMJ, Inc.

152. Beginning in January of 2006, and continuing through the date in September of 2006 of the last invoice to FEMA in which CH2M Hill claimed payments for the installation activities of the subcontractors named above, CH2M Hill made, used, and caused to be made or used, a series of false statements to (and concealments from) FEMA designed by CH2M Hill managers to assure FEMA that CH2M Hill's installation subcontractors were in compliance with Louisiana gas safety statutes, that the travel trailer installations being conducted by such subcontractors through their employees were lawful and otherwise proper, and that CH2M Hill was otherwise entitled to be paid for such installation activities. All such statements, including the statements alleged as follows, were material to the legality of CH2M Hill's claims for reimbursement for the costs incurred for such activities, in that whether or not such statements were accurate was capable of influencing any FEMA decision to pay such reimbursement amounts, within the meaning of Subsections 3729(a)(1)(B) and 3729(b)(4) of the FCA. The concealments and

false statements by CH2M Hill to FEMA concerning the illegality of the subcontractors' installations also prevented FEMA from having the knowledge required to undertake any potential corrective action, or any reduction or deferral of payments to CH2M Hill.

FEMA's policy, practice and conduct was to presume that such statements made to it by such contractors were true. That presumption of truth was capable of influencing FEMA's decisions about whether or not to pay any related claim, and as a matter of FEMA policy and practice was a prerequisite to CH2M Hill's entitlement to be paid on any such claim.

153. On January 13, 2006, Stephen M. De Blasio, Sr., then the Chief of the FEMA Joint Field Office in Baton Rouge, Louisiana, wrote by email to senior CH2M Hill executives Jim Piefer (at his email address of [Jim.Piefer@CH2M.com](mailto:Jim.Piefer@CH2M.com)) and Mike Falino (at his email address of [Mike.Falino@CH2M.com](mailto:Mike.Falino@CH2M.com)), providing to each of them (under an email subject titled "LP issues") actual knowledge that Louisiana public safety officials were engaged in "efforts to ensure proper training of (CH2M Hill's) sub-contractors relative to handling of units (TT's and/or MH's) equipped with LP fueled heat or cooking appliances." That FEMA official's email further provided to both such CH2M Hill managers the State government email addresses of each of the Relators at the Louisiana Department of Public Safety. Despite receiving that actual notice, neither such CH2M Hill manager, and no person acting on behalf of CH2M Hill, then or thereafter required any installation subcontractor (or any of their employees) to obtain such training, or to obtain the required licenses, or otherwise to come into compliance with Louisiana gas safety statutes. Moreover, in failing to make any response of any kind to such email or to



the information therein, both CH2M Hill executives knowingly concealed from Mr. Deblasio, and thus from FEMA, that none of CH2M Hill's installation subcontractors had obtained the required permits, and that none of their employees had obtained the required training.

154. On or about February 10, 2006, a Louisiana-based gas delivery company representative told a CH2M Hill representative that Louisiana law required permits for handling trailer gas systems, resulting in an email that day to senior CH2M Hill Manager David Knowles, reporting CH2MHill's unambiguous knowledge that day of Louisiana's gas permitting and training regulations as follows: "A class 2 permit - required to do LP gas testing . . . ALL EMPLOYEES THAT TEST OR PURGE AND LIGHT LP GAS SYSTEMS may need to pass a written exam . . . (after) 3 hour training session" and "any other field personnel who may purge and light LP gas may need this certification for legal and liability reasons."

155. On or about February 20, 2006, CH2M Hill managers emailed to one another their further unambiguous understanding of the terms of Louisiana's gas statutes, affirming that "I spoke with (Louisiana LP Gas Commission Director) Fuller . . . in reference to 'what permits are required' for our company and our field terms. . . . The class II permit is required for all field teams," attaching to that internal CH2M Hill email the text of the Louisiana gas permit statute.

156. Also on or about February 20, 2006, CH2M Hill Mnager David Knowles admitted by email to senior FEMA representative Ed Macie the understanding of Knowles

that “any contractor employee who inspects or tests any LPG appliance is required to have a Class 2 license in the State of Louisiana.” A different FEMA manager replied to Knowles the same day by email that “You have to comply with all state requirements. End of story.” Neither Knowles, nor any other representative of CH2M Hill, disclosed to FEMA on that day, or on any day, that none of CH2M Hill’s installation subcontractors then engaged in installing travel trailers had in fact received any such permit (or “license”).

157. On or about March 1, 2006, a representative of the Louisiana LP Gas Commission communicated by email to CH2M Hill’s David Knowles the additional information that “multiple subcontractors of CH2M Hill are not yet permitted,” and requested a list of CH2M Hill subcontractors “dealing with LP gas.” Neither on that date, nor on any other date, did either Knowles or any other CH2M Hill representative disclose to FEMA any such information.

158. On or about April 10, 2006, CH2M Hill Executive David Knowles, with knowing falsity, represented to FEMA’s Stephen Reams (through an email titled “Louisiana LPG Requirements”) that “all of our subcontractors who deal with propane have met Louisiana State requirements.” As Knowles actually knew, in part from his own earlier receipt on March 1, 2006 from the Gas Commission representative of the email of that date described above (and disclosing the fact that multiple CH2M Hill subcontractors had not in fact earned or received the required gas permits), that representation to FEMA was false, and was knowingly and fraudulently misrepresented to FEMA as to a

compliance obligation clearly and expressly regarded by FEMA as material to CH2M Hill's core obligations under the FEMA/Hill contract.

159. On or about April 18, 2006, FEMA Auditor Douglas Denson specifically requested from CH2M Hill representative Glen Adams information sufficient to reveal "the personnel that are installing the units and use propane. (License numbers of contractors and procedures for pressure testing the units prior to people moving in the unit)." CH2M Hill recklessly and fraudulently failed and refused to provide any such information to FEMA. Rather than respond with any of the information about actual installation personnel (which necessarily would have revealed installation subcontractor personnel), CH2M Hill through Glen Adams only disclosed to the FEMA Auditor (a) a copy of the Louisiana gas regulations, and (b) a written guide to conducting LP Gas Testing Procedures.

160. Beginning on March 15, 2006, and at numerous times through and including the date of September 11, 2006, CH2M Hill Senior Executive Kenneth Melchiorre on behalf of CH2M Hill signed invoices and claims to FEMA which included claims for payments by FEMA to CH2M Hill to reimburse CH2M Hill for payments to one or more of its fourteen installation subcontractors for illegally-performed travel trailer installations, on each of which Melchiorre on behalf of CH2M Hill expressly certified that each of the "amounts requested are only for performance in accordance with the specifications, terms, and conditions of the contract."

161. Prior to March 15, 2006, and thus prior to his first such certification of

compliance, Melchiorre had gained actual knowledge from emails forwarded to him from CH2M Hill colleagues, that “we’ve been installing trailers without the (State-required gas leak) test for four months,” that CH2M Hill’s installation subcontractors’ conduct was “in direct violation of (Louisiana’s) law,” that the gas inspections and gas leak tests were “not a test to be done days or weeks after the tenants have moved in,” and that the Louisiana LP Gas Commission Director had expressly “re-emphasized (to CH2M Hill) the importance of obtaining permits and certifications from the State in order to perform work on propane systems for the travel trailers.” Beginning with his first such certification to FEMA on March 15, 2006, Mr. Melchiorre on behalf of CH2M Hill nevertheless certified that the travel trailer installations by installation subcontractors and installation personnel known by Melchiorre to be in violation of Louisiana’s gas statutes were in fact performed “in accordance with the specifications, terms, and conditions of the contract,” including the terms of the FEMA/CH2M Hill contract requiring all such installations to be performed in compliance with such statutes. CH2M Hill’s certifications through Melchiorre were known by Melchiorre to be false when made, and were made with an intent to mislead and to defraud FEMA concerning the legality of the installations and the legal entitlement of CH2M Hill to be paid therefor.

162. Beginning on March 15, 2006 and through and including September 11, 2006, Hill submitted to FEMA, purportedly under the FEMA/Hill contract, invoices containing line items which in turn included, among other items and monetary values, the names of the installation subcontractors itemized in the first column below, and the

monetary values or amounts attributed by Hill to each such subcontractor in the second column below, as a result of “direct costs” purportedly incurred by Hill to pay each such subcontractor for their “installations” in Louisiana (through activities which included, among other tasks, the gas installation tasks described in Paragraph 139 above), at times when the relevant subcontractors did not have a Class II permit from the Louisiana LP Gas Commission, of the number of travel trailers attributed to each such subcontractor in the third and final column below:

<i>Subcontractor:</i>	<i>Travel Trailer Installation Costs Attributed by Hill to Subcontractor:</i>	<i>Number of Travel Trailers Installed by Subcontractor:</i>
Airmart, Inc.	\$2,415,700.00	812
All Points Logistics, Inc.	\$ 469,445.00	683
Babcock Services, Inc.	\$3,540,054.00	620
Country Living Mobile Homes, Inc.	\$ 433,160.00	91
Durr Heavy Construction, LLC	\$ 250,800.00	76
James Construction, LLC	\$2,103,252.00	318
Kingston Environmental Services, Inc.	\$3,178,297.00	693
MMR Constructors, Inc.	\$4,380,166.00	854
Nottingham Construction Company, LLC	\$2,579,200.00	496
RCG Enterprises, Inc.	\$ 200,505.62	64
RDM Contracting LP	\$ 470,220.00	166
Robinson Industries, Inc.	\$2,093,616.00	362
Simoneaux Mobile Home Movers, Inc.	\$3,589,800.00	579
<u>TKTMJ, Inc.</u>		

163. Each such claim or invoice was a false claim, as each such trailer installation

subcontractor at the time of each such travel trailer installation did not have the legal capacity or right to conduct such installation activity, as to which CH2M Hill had made multiple misrepresentations to FEMA, such that the claims of entitlement arising out of such illegal activity, and the subcontract provisions providing for such installation work to be performed, were null, void and legally false claims of entitlement within the meaning of the FCA.

164. In reliance on the presumed truthfulness of (a) each such explicit certification as to each such amount, (b) CH2M Hill's repeated and false (mis)representations to FEMA concerning its installation subcontractors' compliance with Louisiana gas statutes, and (c) CH2M Hill's representation of a legal entitlement to such payments by its presentation of the invoices and the making of the claims themselves, all of which were material to FEMA's decision about whether or not to pay such claims, FEMA paid each such amount to CH2M Hill with funds of the United States Treasury, causing damage thereto (and thus "injury in fact") in each such amount. The same conduct by CH2M Hill also caused further damages to FEMA (and thus to the United States), including additional "Base Fee" (or "Fixed Fee") charges, and additional 13.7 percent "General and Administrative" (or "G & A") charges, all claimed by and paid to CH2M Hill as fractions of all such "direct costs" charged to CH2M Hill by non-permitted installation subcontractors for illegal trailer installations. The same conduct by CH2M Hill also caused further damages to FEMA (and thus to the United States) as a result of FEMA's payment for at least \$5,764,190 in direct and "overhead" charges incurred when,

because of CH2M Hill's violations of Louisiana's gas safety statutes, CH2M Hill was required by Louisiana officials to conduct separate leak tests of trailers months after the trailers had been originally installed and occupied by tenants.

**Count 1 - False Claims Made by Fluor for Unlawful Trailer Installations**

165. This is a claim on behalf of the United States under the False Claims Act, 31 U.S.C. §§ 3729-33, specifically under Subsection 3729(a)(1)(A) thereof, against Defendant Fluor.

166. The Plaintiffs hereby re-allege and incorporate by reference all allegations within Paragraphs 11 through 164 as a part of this Count 1.

167. By virtue of the acts described above and Fluor's presentation (or acts causing to be presented) to FEMA of invoices and claims for payments resulting from unlawful trailer gas system installations (the presumed and represented lawfulness of which had the potential to influence FEMA's payment decisions), Fluor knowingly presented or caused to be presented false or fraudulent claims for approval and payment by or on behalf of the United States, in violation of 31 U.S.C. § 3729(a)(1)(A), as a result of which the United States has been damaged in amounts equal to the amounts of all such payments made (since Fluor was not entitled to receive any such payments for trailer installations).

168. The false claims caused to have been submitted and presented by Fluor include all claims for payments submitted by Fluor for "installation" (or "haul and install") activities in Louisiana pursuant to Fluor's installation subcontracts described above, and

all other amounts which FEMA paid as a result of Fluor's false claims.

169. By virtue of and as a result of the false claims presented or caused to be presented by Fluor, the United States has suffered actual damages (or "injury in fact"), and is entitled to recover three times the amount by which it is damaged, plus civil money penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented or caused to be presented, and other monetary relief as appropriate.

**Count 2 - False Statements by Fluor**  
**Material to False Claims for Illegal Trailer Gas System Installations**

170. This is a claim on behalf of the United States under the False Claims Act, 31 U.S.C. §§ 3729-33, specifically under Subsection 3729(a)(1)(B) thereof, against Defendant Fluor.

171. The Plaintiffs hereby re-allege and incorporate by reference all allegations within Paragraphs 11 through 164 as a part of this Count 2.

172. By virtue of the acts described above and Fluor's presentation (or acts causing to be presented) to FEMA of invoices and claims for payments resulting from unlawful trailer gas systems (the presumed or represented lawfulness of which had the potential to influence FEMA's payment decisions), Fluor knowingly and fraudulently made or used, or caused to be made or used, false statements and records which were material to a false claim, in violation of 31 U.S.C. § 3729(a)(1)(B), as a result of which the United States has been damaged in amounts equal to the amounts of all such payments made (since Fluor was not entitled to receive any such payments). FEMA regarded the



presumed truth of each such statement which Fluor elected to communicate to FEMA, and the content of which was material to Fluor's claim (and to Fluor's entitlement to be paid for such claim), to be a prerequisite to, to be a condition of, and to be material to Fluor's legal right to be paid on any such claim.

173. The false claims caused to have been submitted and presented by Fluor include, as to each, all claims for payment submitted by Fluor resulting from "installation" (or "haul and install") activities in Louisiana by Fluor's installation subcontractors at times when they and their employees were in violation of Louisiana's gas safety laws as described above.

174. By virtue of and as a result of the false certifications, records or statements made (or caused to be made) to FEMA by Fluor, as to subject matter material to Fluor's entitlement to be paid by FEMA, the United States has suffered actual damages (or "injury in fact") equal to the total amounts of all such payments made, and is entitled to recover three times the amount by which it is damaged, plus civil money penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented or caused to be presented, and other monetary relief as appropriate.

**Count 3: Agreement/Conspiracy by Fluor to Submit False Claims  
for Unlawful Trailer Installations**

(Left Blank Pursuant to the Court's Ruling)

**Count 4 - False Claims Made by Shaw for Unlawful Trailer Installations**

175. This is a claim on behalf of the United States under the False Claims Act, 31 U.S.C. §§ 3729-33, specifically under Subsection 3729(a)(1)(A) thereof, against Defendant Shaw.

176. The Plaintiffs hereby re-allege and incorporate by reference all allegations within Paragraphs 11 through 164 as a part of this Count 4.

177. By virtue of the acts described above Shaw's presentations (or acts causing to be presented) to FEMA of invoices and claims for payments resulting from unlawful trailer gas systems (the presumed and represented lawfulness of which had the potential to influence FEMA's payment decisions), Shaw knowingly presented or caused to be presented false or fraudulent claims for approval and payment by or on behalf of the United States, and false statements material thereto, in violation of 31 U.S.C. § 3729(a)(1)(A), as a result of which the United States has been damaged (or has suffered "injury in fact") in amounts equal to the amounts of all such payments made (since Shaw was not entitled to receive any such payments for trailer installations).

178. The false claims caused to have been submitted and presented by Shaw include all claims for payment submitted by Shaw for "installation" of travel trailers by Shaw installation subcontractors having at the times of the installations no legal capacity or right to conduct such installation activities in Louisiana.

179. By virtue of and as a result of the false claims presented or caused to be presented by Shaw, the United States has suffered actual damages and is entitled to recover three times the amount by which it is damaged, plus civil money penalties of not

less than \$5,500 and not more than \$11,000 for each of the false claims presented or caused to be presented, and other monetary relief as appropriate.

**Count 5 - False Statements and Records Used by Shaw to Get False Claims Paid for Illegal Trailer Gas System Installations**

(Left Blank pursuant to Court's Ruling)

**Count 6: Agreement/Conspiracy by Shaw to Submit False Claims for Unlawful Trailer Installations**

(Left Blank pursuant to Court's Ruling)

**Count 7 - False Claims Made by CH2M Hill for Unlawful Trailer Installations**

180. This is a claim on behalf of the United States under the False Claims Act, 31 U.S.C. §§ 3729-33, specifically under Subsection 3729(a)(1)(A) thereof, against Defendant CH2M Hill.

181. The Plaintiffs hereby re-allege and incorporate by reference all allegations within Paragraphs 11 through 164 as a part of this Count 7.

182. By virtue of the acts described above and CH2M Hill's presentation (or acts causing to be presented) to FEMA of invoices and claims for payments resulting from unlawful trailer gas systems (the presumed and represented lawfulness of which had the potential to influence FEMA's payment decisions), CH2M Hill knowingly presented or caused to be presented false or fraudulent claims for approval and payment by or on behalf of the United States, in violation of 31 U.S.C. § 3729(a)(1), as a result of which the

United States has been damaged in amounts equal to the amounts of all such payments made (since CH2M Hill was not entitled to receive any such payments for trailer installations).

183. The false claims caused to have been submitted and presented by CH2M Hill include, but are not limited to, all claims itemized above for payment submitted by CH2M Hill for travel trailer “installation” activities in Louisiana pursuant to CH2M Hill’s contract with FEMA described above.

184. By virtue of and as a result of the false claims presented or caused to be presented by CH2M Hill, the United States has suffered actual damages and is entitled to recover three times the amount by which it is damaged, plus civil money penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented or caused to be presented, and other monetary relief as appropriate.

**Count 8 - False Statements by CH2M Hill**  
**Material to False Claims Paid for Illegal Trailer Gas System Installations**

185. This is a claim on behalf of the United States under the False Claims Act, 31 U.S.C. §§ 3729-33, specifically under Subsection 3729(a)(1)(B) thereof, against Defendant CH2M Hill.

186. The Plaintiffs hereby re-allege and incorporate by reference all allegations within Paragraphs 11 through 164 as a part of this Count 8.

187. By virtue of the acts described above and CH2M Hill’s presentation (or acts causing to be presented) to FEMA of invoices and claims for payments resulting

from unlawful trailer gas systems (the presumed or certified lawfulness of which had the potential to influence FEMA's payment decisions), CH2M Hill knowingly made or used, or caused to be made or used, false statements which were material to claims paid or approved by FEMA, in violation of 31 U.S.C. § 3729(a)(1)(B), as a result of which the United States has been damaged in amounts equal to the amounts of all such payments made (since CH2M Hill was not entitled to receive any such payments). FEMA regarded the truth of each such statement which CH2M Hill elected to communicate to FEMA, the content of which was material to CH2M Hill's claim (and to its entitlement to be paid for such claim), to be a prerequisite to, to be a condition of, and to be material to CH2M Hill's legal right to be paid on any such claim.

188. The false claims caused to have been submitted and presented by CH2M Hill include, as to each, all claims for payment submitted by CH2M Hill resulting from "installation" (or "haul and install") activities in Louisiana purportedly pursuant to CH2M Hill's contract with FEMA as described above.

189. By virtue of and as a result of the false certifications, records or statements made (or caused to be made) to FEMA by Defendant CH2M Hill, material to false claims paid by FEMA, the United States has suffered actual damages equal to the total amounts of all such payments made, and is entitled to recover three times the amount by which it is damaged, plus civil money penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented or caused to be presented, and other monetary relief as appropriate.

**Count 9: Agreements/Conspiracy by CH2M Hill  
to Submit False Claims for Unlawful Trailer Installations**

(Left Blank pursuant to Ruling of Court)

**PRAYER FOR RELIEF**

WHEREFORE, the United States demands and prays that judgment be entered in favor of the United States:

1. On Counts 1 and 2, under the False Claims Act, against Defendant Fluor, for treble (or three times) the amount of the United States' relevant claim payments to Fluor and other actual damages (including investigative costs), plus civil penalties as are allowable by law for each false claim and for all costs of this civil action;

2. On Count 4, under the False Claims Act, against Defendant Shaw, for treble (or three times) the amount of the United States' relevant claim payments to Shaw and other actual damages (including investigative costs), plus civil penalties as are allowable by law for each false claim and for all costs of this civil action;

3. On Counts 7 - 8, under the False Claims Act, against Defendant CH2M Hill, for treble (or three times) the amount of the United States' relevant claim payments to CH2M Hill and other actual damages (including investigative costs), plus civil penalties as are allowable by law for each false claim and for all costs of this civil action;

4. For all costs of this civil action; and
5. For such other and further relief as the Court deems just and equitable.

WHEREFORE, Relators Terry D. McLain and J. Len Hodges demand and pray that judgment be entered in their favor as follows:

1. On all Counts, under the False Claims Act, for a percentage of all civil penalties and damages obtained from each of the Defendants pursuant to 31 U.S.C. § 3730, reasonable attorneys' fees, and all costs incurred against Defendants; and
2. Such other relief as the Court deems just and proper.

Respectfully submitted,  
TERRY D. MCLAIN and J. LEN HODGES, Relators  
By their Attorneys,  
PIGOTT & JOHNSON, P.A.

By: s/ J. Brad Pigott  
J. Brad Pigott, Miss. Bar No. 4350  
Admitted *Pro Hac Vice*

Brad Pigott, Esquire  
Cliff Johnson, Esquire  
Pigott Reeves Johnson, P.A.  
775 N. Congress Street  
Post Office Box 22725  
Jackson, Mississippi 39225-2725  
Telephone: (601) 354-2121  
Facsimile: (601) 354-7854

Andrew J. Campanelli, Esquire  
Perry & Campanelli, LLP  
129 Front Street  
Mineola, New York 11501

Kirk A. Williams, Esquire (La. Bar No. 23372)  
Post Office Box 826  
Baker, Louisiana 70704

ATTORNEYS FOR RELATORS