

PRESS RELEASE

U.S DEPARTMENT OF JUSTICE JOINS IN WHISTLEBLOWER QUI TAM LAWSUIT BROUGHT AGAINST THE GALLUP ORGANIZATION CHARGING THAT GALLUP DEFRAUDED U.S. GOVERNMENT

Whistleblower Charges that Gallup Terminated Him One Day After He Confronted Senior Management and Said He Would Report the Multi-Million Dollar Fraud to the Justice Department

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Washington, D.C. The U.S. Department of Justice has joined a [whistleblower qui tam lawsuit](#) charging the Gallup Organization with perpetrating a multi-million dollar fraud in its contracts with the Department of the Treasury and the Department of State. Lawyers representing whistleblower Michael Lindley say that they intend to work with the government to prosecute the case and recover moneys that Gallup overcharged the taxpayers, and also to hold the company accountable for firing Lindley when he tried to stop the fraud.

Lindley, Gallup's former Director of Client Services, filed the lawsuit under the False Claims Act in the United States District Court for the District of Columbia on October 21, 2009. Gallup hired Lindley in 2008 and honored him in January 2009 as "Rookie of the Year," only to fire him six months later after he discovered widespread fraud on the government and insisted that Gallup put an immediate end to the wrongdoing.

Remarking on the significance of the Government's intervention decision, whistleblower attorney [Janet L. Goldstein](#), one of Lindley's lawyers, explained, "The Justice Department intervenes in fewer than one out of every four whistleblower False Claims Act lawsuits filed. Its decision to proceed with False Claims Act charges against Gallup here strongly suggests that, in the Justice Department's view, the company that calls itself 'the most trusted name in polling' may have violated the public trust."

The Whistleblower False Claims Act Lawsuit against Gallup

According to its website, Gallup, a privately held company with approximately 2,000 employees and 40 offices, is the pre-eminent public polling firm. Gallup also provides consulting services to government, corporate and other clients worldwide, including to numerous federal agencies.

The lawsuit, which was brought on Lindley's behalf by Washington D.C.-based [qui tam law firm Vogel, Slade & Goldstein, LLP](#) and [whistleblower law firm Katz, Marshall & Banks, LLP](#), charges that Gallup defrauded the U.S. government by grossly inflating cost estimates that were provided to and used by federal agencies to set prices on Gallup's sole-source contracts. According to qui tam attorney [Robert L. Vogel](#), one of Mr. Lindley's attorneys, when the government negotiates the price of a non-competitive contract, the government often relies

on the contractor to submit honest estimates of its projected costs. The lawsuit asserts that, instead of submitting honest cost estimates, Gallup routinely inflated its projected costs and submitted those inflated costs estimates to the government, which enabled Gallup to garner huge profits from its government business. The Government has intervened on the allegations that Gallup violated the False Claims Act with respect to contracts with the U.S. Mint and State Department.

Lindley's complaint, which was originally filed under seal and has now been made public, also accuses Gallup of corrupting the integrity of the government contracting process by offering a Gallup partnership to the director of FEMA's Human Capital Division. According to the complaint, at the same time Gallup was engaged in pre-job-offer discussions with the FEMA official, the official was recommending to agency officials that FEMA fund a subcontract with Gallup. Although the Government has not intervened on Lindley's claim that Gallup violated the False Claims Act in connection with the FEMA subcontract, the Government has stated that it intends to file other claims related to that subcontract.

The Department of Justice's decision to intervene in Lindley's action and to assume primary responsibility for the case follows a two-and-a-half year federal investigation of Lindley's allegations by the DOJ. Lindley filed a sealed complaint on October 21, 2009 under the "qui tam" provisions of the federal False Claims Act, a law that authorizes private citizens to bring suit on behalf of the United States against companies that are defrauding government agencies. Lindley's lawsuit has now been unsealed.

Defrauding the U.S. Mint and the U.S. Passport Agency

The U.S. Mint, which Lindley alleges was defrauded by Gallup, awarded a sole-source contract for approximately \$2 million annually to Gallup in 2007 to conduct market research for the sale of newly issued coins. The Mint relied on Gallup's estimates of labor and other costs to set the price it would pay Gallup for over 20 task orders under the contract, and eventually paid Gallup in excess of \$5 million on the contract.

According to the complaint, Gallup would internally project how many hours it would take to complete a project, increase those hours -- sometimes by a factor of two or more -- and then submit cost estimates to the Mint that incorporated the inflated hours. According to the complaint, while the Mint was pricing the task orders using Gallup's exaggerated cost estimates, Gallup was directing Lindley to enter lower, more accurate numbers in Gallup's internal case management system.

The complaint charges that Gallup engaged in similar misconduct in connection with its contracts with the U.S. Passport Agency for surveys to predict the level of passport applications resulting from changes in border laws governing travel to Mexico and Canada. According to the complaint, Gallup supplied grossly inflated cost estimates to the U.S. Passport Agency, while recording far lower estimates in Gallup's internal budget management system.

Gallup Fired Lindley in Retaliation for Blowing the Whistle

The complaint alleges that after Lindley started working at Gallup, he promptly reported Gallup's practice of inflating cost estimates, along with other misconduct he witnessed, to Government Division Managers and other high-level officials. Lindley alleges that throughout his tenure at Gallup, he urged senior management to stop the company's corrupt practices. Gallup, however, according to the complaint, had no intention of doing so. Instead, Gallup rewarded the very partner whom Lindley reported for submitting inflated cost estimates by honoring him as the Government Division's "Rainmaker of the Year."

The lawsuit alleges that on July 23, 2009, Lindley told Gallup's Government Division Manager that he would report Gallup's misconduct to the Department of Justice if Gallup did not end the fraud immediately. In response, Gallup fired Lindley the next day. According to the complaint, after dismissing Lindley, Gallup chief counsel told him, "when you start talking about going to the Department of Justice, I don't trust you anymore."

Whistleblower lawyer [David J. Marshall](#), a partner with Katz, Marshall and Banks, LLP, which also represents Lindley in his lawsuit, noted that Gallup's firing of Lindley compounded the fraud it engaged in against federal agencies. "We intend not only to recover the amounts the company overbilled the government, but also to hold the company accountable for wrongfully terminating Mr. Lindley for standing up to the wrongdoing. We expect, at the end of the day, to prove that Gallup broke the law when it overcharged the taxpayers and that it broke the law again when it fired Mr. Lindley for speaking up and trying to stop the fraud," Marshall said.

Additional information about the lawsuit against Gallup can be found at:

www.vsg-law.com
www.kmblegal.com

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