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JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, August 28, 2013

**RPM International Inc. and Tremco Inc. Pay Nearly \$61 Million  
for Failing to Provide Government Discounts Provided to Others**

*Companies Allegedly Submitted False Claims Under Defectively-priced  
Roofing Contracts*

Ohio-based RPM International Inc. and its subsidiary, Tremco Inc., have paid \$60.9 million to resolve allegations that Tremco filed false claims in connection with two multiple award schedule (MAS) contracts with the General Services Administration (GSA) for roofing supplies and services, the Justice Department announced today. Tremco failed to provide the government with price discounts provided to non-federal government customers. Tremco also allegedly marketed expensive materials to government purchasers without disclosing the availability of the same materials at lower cost that were manufactured and sold by the company. Tremco is a manufacturer of construction products and services and is a subsidiary of the RPM Building Solutions Group.

“Companies that knowingly skirt the rules for securing government business undermine the integrity of the procurement process and create an unfair advantage against companies that are playing by the rules,” said Stuart F. Delery, Assistant Attorney General for the Justice Department’s Civil Division. “We are committed to ensuring a level playing field and protecting taxpayer dollars.”

Allegedly, from January 2002 to March 2011, Tremco knowingly violated its contractual obligations to provide GSA with current, accurate and complete information about its commercial sales practices, to report changes in discounts to comparable commercial customers and to pass those discounts on to government customers. As a result, the government allegedly paid more than it should have for Tremco’s services and products. In addition, Tremco allegedly improperly marketed generic products as a superior line of the same product and used a defective adhesive formula in its roofing systems.

The GSA MAS program provides government purchasers with a streamlined process for procurement of commonly used commercial goods and services. To be awarded a MAS contract, and thereby gain access to the broad government marketplace and ease of administration that comes from selling to hundreds of government purchasers under one contract, contractors must agree to disclose commercial pricing policies and practices.

GSA Inspector General Brian Miller said, “GSA OIG auditors and investigators worked diligently to make sure the taxpayers got the benefit of required price reductions, and received a fair price for the products and services purchased with taxpayer funds.”

“These companies are paying the price for trying to cheat the American taxpayer out of a fair deal,” said Ronald C. Machen Jr., U.S. Attorney for the District of Columbia. “We thank this whistleblower for coming forward to reveal this wrongdoing. Other contractors who are considering bilking the government should take heed: false and fraudulent claims on the U.S. Treasury will not be tolerated.”

The settlement resolves a *qui tam*, or whistleblower, lawsuit filed on behalf of the government by former Tremco vice president Gregory Rudolph, who will receive more than \$10.9 million as his share of the recovery in the case. Under the whistleblower provisions of the False Claims Act, private citizens can bring lawsuits on behalf of the government and share in any recovery. Rudolph's lawsuit also includes allegations on behalf of several states under their false claims statutes. The settlement with the federal government does not resolve the state actions.

This settlement was the result of a coordinated effort by the Commercial Litigation Branch of the Justice Department's Civil Division, the U.S. Attorney's Office for the District of Columbia and GSA's Office of Inspector General to investigate the allegations and resolve the case. The claims settled by this agreement are allegations only, and there has been no determination of liability.

The case is captioned *United States, the States of California, Delaware, Florida, Illinois, Indiana, Massachusetts, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Tennessee, Virginia and the City of Chicago, ex rel. Gregory Rudolph v. Tremco Inc. and RPM International Inc.*, Case No. 1:10-cv-01192 (D.DC).

13-968

Civil Division