

**FOR IMMEDIATE RELEASE**

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**SUPPLIER OF FOOD TO U.S. AND COALITION TROOPS IN AFGHANISTAN PAYS \$389,300,000 IN CIVIL DAMAGES, CRIMINAL FINES AND PENALTIES; PLEADS GUILTY TO MAJOR FRAUD, CONSPIRACY, OTHER CHARGES**

On behalf of their client Michael Epp, the law firms Morgan Verkamp LLC (Cincinnati) and Pietragallo Gordon Alfano Bosick & Raspanti, LLP (Philadelphia) note the settlement of claims initiated by Mr. Epp alleging fraud on the part of Supreme Foodservice, the “prime vendor” of food and related items to the Department of Defense and coalition troops in Afghanistan from 2005 until at least 2009.

Under agreements finalized today between Supreme Foodservice GmbH, Justice Department lawyers in Washington, D.C. and Philadelphia, and Mr. Epp, Supreme will pay the United States \$101,000,000 in damages under the False Claims Act. Supreme Foodservice GmbH and related entities have entered guilty pleas to charges of major fraud, conspiracy to commit major fraud, and wire fraud. The criminal plea agreements require payment of \$288,300,000 in fines and restitution, making the total recovery on the prime vendor contract \$389,300,000. The allegations are detailed in a criminal Information filed this morning in U.S. District Court in Philadelphia.

“We believe this is the largest fraud recovery against any contractor relating to the Afghanistan and Iraq wars, the largest recovery in a military procurement case initiated by a *qui tam* whistleblower, and one of the largest fraud recoveries against any defense contractor,” said Frederick Morgan, one of Mr. Epp’s attorneys. “That the defendants pled guilty to major fraud is testament to the tenacity of the federal prosecutors and the strength of the evidence.”

Mr. Epp’s civil complaint, brought in March 2010 under the *qui tam* provisions of the United States Civil False Claims Act, alleges in part that Supreme Foodservice used a shell corporation to inflate the cost to the government of produce served to the troops; illegally increased the cost of bottled water by misrepresenting acquisition costs; and obtained kickbacks from vendors disguised as “prompt payment” discounts. Mr. Epp is a German citizen

who worked for Supreme in Dubai, where its Prime Vendor operation was based. Such contracts are used by the military to allow it to purchase all needed food and beverage items from a single company, which procures from manufacturers and suppliers and delivers to the government. He managed Supreme's supply chain under the Prime Vendor contract until early 2007.

In addition to the detailed knowledge of Supreme's fraud set out in his complaint, Mr. Epp provided the government investigating teams with tens of thousands of e-mail messages and documents which were integral to the ability of the United States to bring these matters to a successful close. Morgan Verkamp personnel, led by Paralegal Specialist Mary Jones, spent thousands of hours analyzing the documents for the government teams, and Mr. Epp repeatedly traveled to Philadelphia from the Middle East to meet with the government's attorneys and investigators. "This case demonstrates the power the False Claims Act brings to people who know about fraud against the United States taxpayers, even if they live abroad," Morgan said. "By using the False Claims Act to bring Mr. Epp's information to the Justice Department in a structured and cooperative manner, we were able to provide a level of assistance which would have been impossible without the *qui tam* law."

The False Claims Act rewards whistleblowers for bringing information to the government, and Mr. Epp is to receive \$16,160,000 pursuant to the False Claims Act's "relator share" provision. Jennifer M. Verkamp of Morgan Verkamp said "The False Claims Act returns billions of dollars to American Taxpayers based on relatively small payments to whistleblowers. Here, for less than six percent of the total recovery, the Justice Department not only obtained a trove of information about these crimes and frauds, but also the detailed knowledge of a close observer to help connect the dots, and extensive support by private lawyers representing Mr. Epp. This is exactly what the Act was intended to achieve."

"The False Claims Act is based on partnership between private whistleblowers and their lawyers, and the United States and its lawyers," said Marc S. Raspanti of Pietragallo Gordon Alfano Bosick & Raspanti, "and this case exemplifies this partnership at its best."

The Department of Justice's civil investigation was run by Trial Attorney Art J. Coulter, Assistant Branch Director Michael Tingle, and Director Michael Granston of the Commercial Frauds Branch of the Civil Division, all of Washington, D.C.; and by Assistant United States Attorneys Colin Cherico, Joel Sweet, Mary Catherine Frye, and Margaret Hutchinson of the U.S. Attorney's Office for the Eastern District of Pennsylvania.

The criminal investigation was run by Assistant United States Attorney Bea Witzleben, also of the Eastern District. Principal investigative support was provided by Defense Criminal Investigative Service Special Agent Kishara Gant of the DCIS Philadelphia Field Office, with support from DCIS Special Agent Andrew Dunphy.

The civil case, *United States ex rel. Epp v. Supreme Foodservice A.G.*, No. 10-CV-1134, remains pending before Hon. Mary A. McLaughlin of the United States District Court for the Eastern District of Pennsylvania. The civil complaint, the settlement agreement, the criminal information, and other documents will be available at [www.morganverkamp.com](http://www.morganverkamp.com).

*Morgan Verkamp LLC is a Cincinnati law firm whose practice is focused on whistleblower cases under the federal and state False Claims Acts. Its principals, Rick Morgan and Jennifer Verkamp, have handled qui tam cases nationwide for 19 years. Pietragallo Gordon Alfano Bosick & Raspanti, LLP is a regional firm which has handled many False Claims Act cases under the leadership of Michael A. Morse and Mr. Raspanti for more than 25 years.*

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