

No Claim Too Small: Contractor Settles FCA Claims for Failure to Return \$14,000 of Reimbursed Equipment

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On May 28, 2021, a District of Maine judge granted a joint motion for stipulated judgment in favor of the United States, ending the False Claims Act suit against a Coast Guard contractor hired to assist with the excavation of a World War II-era airplane crash site. *United States of America v. Luciano A. Sapienza, et al.*, No. 2:21-cv-00073-NT (Me.).

As alleged in the amended complaint, the United States Coast Guard and North South Polar, Inc. (“NSP”) entered into a contract for NSP to provide support services for the validation, excavation, and extrication of a World War II-era airplane at a suspected crash site in July 2013. Under the contract, NSP was required to furnish all materials, equipment, and services necessary to complete the excavation and extrication of the crash site in Greenland. In turn, the government would reimburse NSP for all purchased equipment, with title of any reimbursed equipment passing to the government. NSP’s president and chief executive officer, Luciano Sapienza, signed the contract on behalf of NSP.

The government alleged that the Defendants purchased and obtained reimbursement from the government for four pieces of equipment for a total of \$14,702: two hot water pressure washers (\$8,030); an underwater metal detector (\$3,299); and a heater (\$3,373). Although the amended complaint alleged that the defendants knew the contract required the return any equipment for which it was reimbursed, the government alleged that Sapienza refused to return the equipment. Instead, Sapienza allegedly sold the equipment on eBay.

The government filed suit against NSP and Sapienza in March 2021, asserting an FCA claim for conversion of government property in violation 31 U.S.C. §§ 3729(a)(1)(D), 3730(a), as well as a common law unjust enrichment claim. Shortly thereafter, the parties jointly motioned for entry of stipulated judgment against the defendants in May 2021. Under the stipulated judgment, the parties agreed NSP and Sapienza would pay the government \$40,585, representing \$29,404 in double damages for the four FCA violations and one statutory penalty in the amount of \$11,181. The court granted the

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motion on May 28, 2021.

This case serves as an important reminder to government contractors to pay close attention to all contractual obligations, including those that come into play after substantial completion of performance. The relatively low dollar amount at issue also stands out amongst the much-higher FCA resolutions that frequently make headlines, and should remind all contractors that no FCA violation is too small to escape government scrutiny.