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United States Attorney's Office
Eastern District of Tennessee

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**DAY & ZIMMERMANN NPS, INC. PAYS \$200,000 TO RESOLVE
ALLEGED VIOLATIONS OF FALSE CLAIMS ACT ARISING FROM
TVA CONTRACT**

KNOXVILLE, Tenn. –Day & Zimmermann NPS, Inc. (“D&Z”), a privately owned company specializing in construction and maintenance services, has paid \$200,000 to resolve allegations that it submitted false claims to the Tennessee Valley Authority (“TVA”) for services performed in connection with capital improvement projects at the Watts Bar Nuclear Power Plant.

In 2013 and 2014, TVA, in response to the 2011 Fukushima Daiichi nuclear disaster and the U.S. Nuclear Regulatory Commission’s follow-on safety mandates, amended its existing \$700 million contract with D&Z by an additional \$550 million, in part to fund improvements designed to enhance safeguards against nuclear meltdowns. One such improvement was to build an elevated “Flex” building (“the Flex Project”), designed to provide backup operating controls in the event of an earthquake, flood, tornado, hurricane, or other extreme event.

The settlement resolves allegations that, during the period January 1, 2014 through May 5, 2014, D&Z knowingly shifted costs from various project codes that fell outside the scope of the Flex Project and improperly charged those costs against the Flex Project by falsely using Flex Project codes. The United States also alleged that D&Z failed to correct mischarges that it knew or should have known were incorrectly applied and which resulted in false claims for payment, as well as overpayments that were not returned to TVA.

“The United States relies on the companies with which it contracts to accurately represent their charges to the government, and government contractors have a duty to refund any overpayments they receive. Our office will continue to pursue contractors who violate those duties and put at risk the fiscal integrity of government programs designed to ensure the safe operation of sensitive public energy facilities,” said Acting United States Attorney Francis M. Hamilton III.

“The TVA OIG is committed to identifying and investigating false claims and overpayments that negatively impact the ratepayers throughout the Tennessee Valley,” said Jill Matthews, Deputy Inspector General Performing the Duties of the Inspector General. “The TVA OIG would like to thank the United States Attorney’s Office, specifically Assistant U.S. Attorney Jeremy Dykes and Assistant U.S. Attorney Jessica Sievert for diligently pursuing resolution of this complex case and ensuring funds were properly returned to TVA.”

The settlement agreement was announced today by Acting United States Attorney for the Eastern District of Tennessee Francis M. Hamilton III and Jill Matthews, Deputy Inspector General Performing the Duties of the Inspector General for TVA. Senior Special Agent Greg Schultz of TVA-Office of the Inspector General investigated this matter, and Assistant U.S. Attorneys Jessica Sievert and Jeremy Dykes represented the United States.

This investigation resulted from a coordinated effort between the TVA-Office of Inspector General and the U.S. Attorneys' Office of the Eastern District of Tennessee.

The claims settled by this agreement are allegations only, and there has been no determination of liability.

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