



NEWS RELEASE

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AVAYA AND CIT GROUP PAY OVER \$16.5 MILLION TO RESOLVE ALLEGATIONS OF OVERCHARGING FOR TELEPHONE SYSTEMS

LOS ANGELES – Two companies have paid the United States more than \$16.5 million to settle allegations that they systematically overcharged federal and state government agencies in connection with the lease and purchase of desktop telephone systems.

Avaya Inc., a telecommunications company with headquarters in Basking Ridge, New Jersey, early last month paid \$13,481,791 to resolve fraud allegations made in a “whistleblower” lawsuit filed by two former Avaya managers.

Avaya provided desktop phone systems to hundreds of federal and state government agencies and offices. According to the lawsuit, from the mid-1990s through at least 2006, Avaya improperly collected payments for telephone systems and equipment that did not function because necessary components or equipment were missing or no longer on site. Additionally, the lawsuit alleged, Avaya billed governmental agencies for certain telephone systems and maintenance for these systems, even though the systems were no longer in government offices because they had been replaced with upgraded systems.

The second company named in the lawsuit was CIT Group, Inc., a New York-based financial services company that last month paid \$3,111,400 to resolve allegations in the lawsuit. CIT purchased a portion of Avaya’s customer base and, according to the lawsuit, continued the same unlawful billing practices after it took over those customer accounts.

Avaya and CIT settled the lawsuit without admitting wrongdoing. The case was filed in 2004 by two whistleblowers under the *qui tam* provisions of the False Claims Act, which allows private individuals to sue on behalf of the United States. As a result of their lawsuit, the whistleblowers will receive approximately \$3.3 million.

The lawsuit was unsealed on February 17 by United States District Judge Jacqueline H. Nguyen.

The states of California, Delaware, Florida, Illinois, Nevada, Tennessee; the Commonwealths of Massachusetts and Virginia; and the District of Columbia will share in the settlement.

The United States Attorney's Office, with assistance from agents with the General Services Administration Inspector General's Office and the United States Postal Service, handled the investigation resulting from the lawsuit.

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