

Responsibility Concerns with Federal Contractor Akal Security

Akal Security, Inc. is a privately owned security contractor that provides services to the federal government and may be considering submitting a proposal in response to the Transportation Security Administration's Solicitation for Screening Services at San Francisco International Airport (SFO), Solicitation No. HSTS05-15-R-SPP064. In fiscal year 2015, Akal and its subsidiary, Coastal International Security, received at least \$326 million in federal contracts, which represent the bulk of the company's business. Despite a troubled history, Akal maintains contracts to protect some of the government's most sensitive sites, including airports, federal courthouses, and departmental headquarters buildings.

Those companies that the public relies upon to protect important sites must be held to a high standard of responsible conduct. Contracting officials should closely examine a company's record of compliance with labor laws, its adherence to health and safety regulations, performance records from its other public contracts, and any recent litigation. All of this should be included in the analysis of the probability that the company will carry out contractual obligations responsibly and reliably.

This is all the more true at our nation's airports, given the unique threats they face. But it is especially true at San Francisco International. SFO is not only the seventh-busiest airport in the country, it is by far the largest airport in the Screening Partnership Program, and was a charter member of the pilot program allowing private companies to bid on screening contracts, as authorized in the 2001 Aviation Transportation Security Act. In addition, SFO is the U.S. airport that has arguably taken the greatest strides towards fixing the workforce problems that contributed to the vulnerabilities exposed on 9/11.

It is against this backdrop that the allegations and violations detailed below should be considered as you evaluate Akal's proposal and decide whether to make an affirmative determination of responsibility as required by Federal Acquisition Regulation 9.1 and the solicitation for screening services at SFO. Careful consideration of which company is selected to handle passenger screening—as well as the performance of that company—is critical for passenger safety and the ongoing credibility of the Screening Partnership Program.

SEIU is in a labor dispute with Akal. Not surprisingly, we often find that the same corporate employers who fail to treat their employees with dignity, respect, and fairness are also failing to be responsible corporate citizens in other areas. Workers' common experience in this respect is even reflected in President Obama's Fair Pay and Safe Workplaces Executive Order: "Contractors that consistently adhere to labor laws are more likely to have workplace practices that enhance productivity and increase the likelihood of timely, predictable, and satisfactory delivery of goods and services to the Federal Government. Helping executive departments and agencies (agencies) to identify and work with contractors with track records of compliance will reduce execution delays and avoid distractions and complications that arise from contracting with contractors with track records of noncompliance." Here, as in all our work, SEIU stands for fair treatment for workers and safe, honest, and excellent service for the public.

Several aspects of Akal’s record as a federal contractor—including allegations of fraudulent training and billing practices, violations of the Service Contract Act, administrative citations, and numerous other allegations contained in civil lawsuits—raise serious questions regarding contractor responsibility and speak directly to the company’s ability to perform according to the requirements outlined in the solicitation. While much of Akal’s current federal work is for courthouse security, their officers are required to perform work analogous to the screening work at airports, such as in the 12th Judicial Circuit’s facilities where they “enforce the District’s entry and identification system. This includes operating security screening equipment to detect weapons, contraband, and prohibited items, checking such items as handbags, briefcases, computers, packages, baby carriages, wheel chairs, etc.”

Private Screening and SFO: A Legacy to Protect

Government agencies have long acknowledged – even prior to the 9/11 attacks - that inadequate training, poor wages, and high turnover contributed to screeners’ poor performance. These chronic weaknesses were directly addressed in the 2001 Aviation Transportation Security Act, which federalized the nation’s screening workforce and created the Transportation Security Administration. ATSA directed TSA to “develop standards for the hiring and retention of security screening personnel;” “train and test security screening personnel;” and “be responsible for hiring and training personnel to provide security screening at all airports in the United States.”

ATSA also created a pilot program permitting screening at certain airports to be performed by private companies. SFO was one of five airports in the pilot program, which subsequently grew into the current SPP. ATSA helped avoid replicating the weaknesses of the contracted-out security regime exposed on 9/11, by requiring such companies meet all the requirements applicable to Federal Government personnel who perform screening services at airports, including training. ATSA explicitly stated that such companies provide compensation and other benefits that are not less than the level provided to Federal Government personnel.

Even before 9/11 SFO was already advancing in a direction consistent with the policies codified in ATSA. Through its Quality Standards Program (QSP), launched in 2000, SFO adopted workforce development as a means to improve security. QSP is a partnership between the City of San Francisco, the Airport Commission, private contractors, and unions representing SFO workers. It was designed to improve safety and security at SFO as well as improve the conditions of the SFO labor market, by establishing compensation, recruitment, and training standards beyond those then-required by the FAA, for a wide range of airport employees.

Prior to QSP’s launch, screeners’ wages were low and the turnover rate was high. By 9/11, just 17 months after QSP began—and at the moment when the rest of the world learned of the tragic effects of low-road contracted out screening – the annual turnover rate of SFO security screeners had plummeted from 110 percent in 1999 to about 25 percent. In 2013 SFO screener turnover stood at approximately 3 percent, compared to the national rate for full-time TSA screeners of 12 to 13 percent. The screener workforce is extremely stable: today, some 300 screeners have 12 years of experience at SFO. As a result of QSP, the workforce has been recognized for excellent performance, high morale—which reduces

absenteeism and increases willingness to adapt flexibly—and quality customer service. In this light, respecting the screeners’ seniority implements a vital part of homeland security policy by retaining a well-trained, experienced workforce.

In September 2014 TSA took further steps to strengthen the compensation standards applicable to employees of private screening companies when it agreed to apply Service Contract Act requirements to screeners in its contracts for screening services. The SFO security screening solicitation is among the first to be competed pursuant to SCA requirements.

A Significant History of Litigation, Investigations, and Settlements

Akal Security has been the subject of a high number of lawsuits, disclosing as part of a lawsuit in 2011 that it was party to “134 threatened, pending, or current litigation matters, including allegations of pay and labor regulation violations.” While, Akal President Daya Khalsa admitted to the *Associated Press* that “Some of [Akal’s] growth got ahead of [its] system and quality controls,” Akal disagrees that it has faced a high amount of litigation for a company of its size.

As part of the \$25.8 million it has paid in settlements between 2005 and 2015, while denying all wrongdoing, Akal has paid out at least \$19.8 million to settle claims alleging fraud related to some of its contracts with the federal government, and another \$1.62 million in 2010 to settle allegations by the Equal Employment Opportunity Commission (EEOC) that the company discriminated against pregnant employees at U.S. army bases.

Although the company has not admitted wrongdoing, settlements have arisen from allegations of discrimination, sexual harassment, violation of health and safety laws, and allegations that it falsely invoiced the government for hours worked and that it failed to properly train its employees as required. Among the allegations regarding improper training were those in northern California, investigated in 2010 by the US Department of Justice. (See “U.S. Department of Justice Investigation” on page 11.) Although it denied the allegations, Akal settled with the DoJ for \$1.8 million.

Allegations of Violations of False Claims Act and the Federal Procurement Integrity Act: Akal Security Subsidiary Pays \$1.65 to Settle Claims It Covered Up Fraudulent Bills Paid by U.S. Taxpayers

After two managers of a federal security contractor were sentenced in criminal cases, the U.S. Department of Justice, the U.S. Department of State’s Office of Inspector General, and the FBI coordinated an investigation into Akal Security’s subsidiary, Coastal International Security. The company agreed to pay \$1.65 million to resolve criminal and civil allegations that the company defrauded the State Department during performance of a security contract and later concealed the fraud from contracting officials, and civil allegations that the company improperly obtained and used competitors’ pricing information to underbid competitors on government task orders. The charges concerned allegations of violations of the False Claims Act and the Federal Procurement Integrity Act.

Before this settlement, Coastal’s president, Curtis Wrenn, pled guilty in a criminal case, after admitting he covered up the fraudulent scheme, even though he knew he had a legal responsibility to disclose the

fraud to the State Department. According to a statement of facts that he signed as part of his plea agreement, “Wrenn intentionally deceived the [State] Department ... in part, to prevent [Coastal] from getting a ‘black eye’ if the entire story was disclosed.” Wrenn was sentenced to a year of probation for his false statement to the federal government.

The criminal cases involving the fraudulent behavior and cover-up also resulted in prison sentences for two other individuals. Marvin Hulseley was a program manager for Coastal when he conspired with Tony Chandler, who was a contracting official at the State Department. According to court documents, Hulseley hoped to gain favor with Chandler, who was in a position to influence decisions about which companies won contracts with the federal government.

Although the criminal cases originally centered on a six-figure scheme orchestrated by Hulseley and Chandler around fraudulent invoices for nutritional supplements, the case was later amended to include additional fraudulent billings through a travel consulting company owned by Hulseley’s wife.

In addition, the Department of Justice’s investigation of Coastal uncovered alleged illegal activity above and beyond the alleged violations of the False Claims Act. Investigators claimed that Coastal violated the Procurement Integrity Act when it obtained and used the private bid information of a competing company to underbid the competition on various contracts with the Department of State over multiple years. No liability determination was reached as to the civil allegations, although Coastal paid \$1.5 million (of the total \$1.65 million) to resolve these claims.

Areas of Potential Concern Related to Akal & the SFO Solicitation

Aspects of Akal’s troubled history may reflect on its ability to perform the duties required by the Solicitation for Screening Services at SFO. Some areas of potential concern are outlined below.

Training

The SFO screening solicitation, pursuant to the ATSA, stresses the importance of training in the evaluation of contractor proposals, where it is “individually ... significantly more important than ... Price.” With that in mind, TSA should use considerable care in assessing applicants’ past history with respect to this critical factor.

Akal has repeatedly faced allegations of failing to properly train its security employees—officers who were expected to perform in settings requiring similar skills to those needed as part of airport screening operations—and was accused of retaliating against a whistleblower.

- The company settled a False Claims Act lawsuit in 2007 for \$18 million, which alleged that the company had failed to properly train employees at the Fort Riley Army base in firearms and other security methods.
- Just three years later, in 2010, two Akal employees stepped forward with information alleging similar problems as part of a contract for courthouse security that Akal held in northern California. A subsequent two-year Department of Justice investigation resulted in a \$1.8 million settlement.

- Akal allegedly fired the officer who brought the northern California allegations to the DOJ, and Akal was ultimately forced to settle with him in 2014.

Akal denied the allegations in all of the cases.

Service Contract Act Compliance

SFO is one of the first SPP solicitations in which screeners will be subject to the Service Contract Act. Given the novelty of this policy departure, TSA can anticipate increased scrutiny of its – and its contractors – compliance with the SCA. As such, an applicant’s past record with respect to the SCA takes on heightened importance and suggests the need to exercise an abundance of care in assessing applicants’ past history when weighing their proposals.

In this light, it is important to note that Akal and its subsidiary, Coastal International Security, violated four core labor laws more than 5,600 times in the period from 2005 to 2013. Of those, 3,907 violations (68.6%) were of the Service Contract Act. The SCA violations cost the company over \$3.4 million in back wages and affected 2,406 employees. One instance alone in 2005 cost the company \$1.1 million and affected 593 employees.

Accurate Record Keeping

Given the importance under ATSA of ensuring that private contractors comply with all requirements applicable to the Federal Government, the SFO solicitation establishes several explicit reporting requirements to promote effective oversight by the agency. From checked baggage reporting to recording customer throughput and wait times to keeping maintenance logs for equipment to filing remedial training reports, the solicitation sets high expectations for a contractor’s ability to accurately and reliably submit reports to the government. TSA should use considerable care in assessing an applicant’s past record with respect to these extremely pertinent issues.

Akal’s record reveals several serious allegations that call their abilities into question.

- One lawsuit that Akal settled in 2007 alleged that the company submitted “false and fraudulent invoices, claims and reports to the United States in order to obtain millions of dollars in payments for services” over the course of several years. The company allegedly billed the U.S. Marshals Service for hours that were not worked, including invoices for hours worked when employees were on vacation or sick leave.
- The Fort Riley False Claims Act lawsuit that the company settled in 2007 alleged that Akal’s Chief of Guards at the time “instructed the Lieutenants [in a firearm qualification and safety training] to count as ‘hits’ any round striking any portion of the target paper, not only hits within the silhouette as required by the applicable procedures.” Instead of maintaining the targets, as required under the contract, it was alleged that Akal kept a memo on file stating that the employees has passed certification as required.
- The 2010 DOJ investigation in northern California also alleged that range masters certified to the U.S. Marshals Service that tests had been conducted appropriately when, in fact, they had not.

Akal denied the allegations in all of the cases.

Protection of Workers and Care for Equipment

The selected SPP contractor's workers are required to perform all duties "in a safe manner, commensurate with applicable safety requirements." For this to happen the contractor needs to train their personnel well and equip them properly for the tasks they will be required to perform. The contractor is also responsible for "operational testing of equipment" and ensuring that "preventative and shift maintenance is done; that equipment, property, and material ... are well-kept," and that the "security screening area presents a safe, neat, clean and professional appearance. Unfortunately, Akal's record in this area is problematic.

In addition to the alleged training issues outlined above, Akal has been cited by OSHA for failing to provide their officers with appropriate safety equipment.

- In 2012, OSHA cited Akal for a serious violation because they had provided body armor that was expired, or did not fit security officers properly. The company paid a \$2,550 fine, reduced from the initial penalty of \$4,250. Akal denied liability.
- In March 2015, officers working at ICE's Buffalo Federal Detention Facility in Batavia, NY, filed a complaint alleging that Akal failed to provide properly fitting body armor. OSHA issued two citations against Akal in August 2015 for serious violations and a fine of \$9,000 that was subsequently reduced to \$4,500 via an informal settlement.

As part of their work on other federal contracts Akal or their affiliates were also cited by OSHA for violations related to sanitation, the availability of potable water and toilet facilities, and improper wiring and equipment.

Allegations and Violations Related to Akal's Responsibility as a Federal Contractor

The solicitation for passenger screening services at SFO specifies that the Contracting Officer will make a determination of responsibility in accordance with Federal Acquisition Regulation 9.1. The regulations require that contractors must "have a satisfactory performance record," "a satisfactory record of integrity and business ethics," and "the necessary ... operational controls."

The examples above (and described in more detail below) concerning training, record keeping, and violations of the SCA are relevant to any consideration of Akal's performance, business integrity, and ability to implement the necessary controls to perform as required under their contracts.

There have been numerous additional allegations and regulatory violations that may demonstrate a lack of responsibility on the part of Akal as a federal contractor. These examples include:

Alleged Wage Theft

- According to the Department of Labor, Akal and Coastal have violated four core labor laws more than 5,600 times in the period from 2005 to 2013. Akal violated the Service Contract Act (SCA),

the minimum wage and overtime wage provisions of the Fair Labor Standards Act (FLSA), the Family Medical Leave Act (FMLA), and the Contract Work Hours and Safety Standards Act (CWHSSA).

- In order to remedy these violations—which affected over 2,600 employees—Akal and Coastal paid more than \$3.9 million in back wages between 2005 and 2013.
- In addition, many Akal and Coastal security officers have filed individual and class action lawsuits against the company in order to remedy alleged wage and hour violations.
- Akal has denied all allegations.

Allegations of Discrimination Based on Race, Gender, Age, Disability, and other factors

As noted above, SFO enjoys the benefits of low turnover and a stable workforce. This well-trained, experienced workforce is a valuable asset that promotes homeland security. In this light, it is essential that TSA carefully assess bidders' record of workforce retention.

- While denying any wrongdoing, Akal paid \$1.62 million in 2010 to settle allegations by the Equal Employment Opportunity Commission (EEOC) that the company discriminated against pregnant employees at U.S. army bases, including allegations that it forced pregnant employees to take a leave of absence or fired them because of their pregnancies.

Other allegations of discrimination by Akal have included:

- Failing to consider a female candidate with a recognized “impressive” record of 25 years in law enforcement, including as a Sergeant in the DC Metropolitan Police Department, because of her gender. The Sergeant alleges that her interviewer said, “There are only men here, and I don’t know where we will put you,” or your “stuff and dress.”
- Sexual harassment in Fort Lauderdale where the EEOC issued a letter of determination that Akal forced employees to work in a hostile environment, as well as retaliated against an employee who complained about the harassment.
- Unequal treatment, including termination, based on race in Miami-Dade County.
- Discrimination based on age, disability, and/or race, which included forcing security officers into months of leave without pay or a safety net in Washington, DC.
- Several instances of retaliation against employees who brought complaints of discrimination or other allegations against Akal including in California, Kansas, Ohio, Tennessee, and Washington, DC.

Akal has denied any wrongdoing for all these allegations.

Alleged Violations of Security Officers' Right to Organize

From December 2014 to March 2015, Akal Security was under federal investigation by Region 5 of the National Labor Relations Board for allegations that:

- Akal maintained a media policy which unlawfully prohibited workers from communicating about their terms and conditions of employment; and that
- Akal unlawfully prohibited use of its electronic equipment and email systems for activity unrelated to the employer's business purposes.

On April 1, 2015 Akal entered into a settlement agreement in which it agreed to rescind or revise these rules in its employee handbook. The company was required to post the settlement notice at all work locations.

Additional information about each of these categories follows below.

Allegations of Fraudulent Training and Questionable Billing on Federal Contracts

Akal Security subsidiary paid \$1.65 to settle claims it covered up fraudulent bills paid by U.S. taxpayers

After two managers of a federal security contractor were sentenced in criminal cases, the U.S. Department of Justice, the U.S. Department of State's Office of Inspector General, and the FBI coordinated an investigation into Akal Security's subsidiary, Coastal International Security. The company agreed to pay \$1.65 million to resolve criminal and civil allegations that the company defrauded the State Department during performance of a security contract and later concealed the fraud from contracting officials, and civil allegations that the company improperly obtained and used competitors' pricing information to underbid competitors on government task orders. The charges concerned allegations of violations of the False Claims Act and the Federal Procurement Integrity Act.

Before this settlement, Coastal's president, Curtis Wrenn, pled guilty in a criminal case, after admitting he covered up the fraudulent scheme, even though he knew he had a legal responsibility to disclose the fraud to the State Department. According to a statement of facts that he signed as part of his plea agreement, "Wrenn intentionally deceived the [State] Department ... in part, to prevent [Coastal] from getting a 'black eye' if the entire story was disclosed." Wrenn was sentenced to a year of probation for his false statement to the federal government.

The criminal cases involving the fraudulent behavior and cover-up also resulted in prison sentences for two other individuals. Marvin Hulseley was a program manager for Coastal when he conspired with Tony Chandler, who was a contracting official at the State Department. According to court documents, Hulseley hoped to gain favor with Chandler, who was in a position to influence decisions about which companies won contracts with the federal government.

Although the criminal cases originally centered on a six-figure scheme orchestrated by Hulseley and Chandler around fraudulent invoices for nutritional supplements, the case was later amended to include additional fraudulent billings through a travel consulting company owned by Hulseley's wife.

In addition, the Department of Justice's investigation of Coastal uncovered alleged illegal activity above and beyond the alleged violations of the False Claims Act. Investigators claimed that Coastal violated the Procurement Integrity Act when it obtained and used the private bid information of a competing company to underbid the competition on various contracts with the Department of State over multiple years. No liability determination was reached as to the civil allegations, although Coastal paid \$1.5 million (of the total \$1.65 million) to resolve these claims.

Earlier cases

Akal has settled two different False Claims Act cases in 2007, as well as a lawsuit in 2014 that was filed by a whistleblower who alleged that Akal fired him in retaliation for his cooperation with an investigation by the Department of Justice. Settlement amounts—disclosed in only two of these four cases—totaled at least \$19.8 million. One suit, filed in Kansas, alleged that Akal had not met its contractual staffing requirements, had failed to provide guards with proper manuals, and had failed to

ensure that guards met all training requirements. The other case, in Mississippi, alleged that Akal billed the U.S. Marshals Service for hours that were not worked.

In 2010, the DOJ opened an investigation concerning similar training-related issues involving court security officers in California. Akal denied liability for all claims in both the lawsuits and the DOJ Investigation.

United States ex rel Raymond Burk v. Akal Security, settled 2007

Burk filed a *qui tam* lawsuit in 2005, alleging False Claims Act violations with respect to Akal's courthouse security work for the Marshals Service in the Southern Division of Mississippi. The duties described in the contract are analogous to screening work at airports, included "operating security screening equipment and checking such items as handbags, packages, baby carriages, wheel chairs, etc., to detect weapons or contraband." Specifically, Burk claimed that Akal submitted "false and fraudulent invoices, claims and reports to the United States in order to obtain millions of dollars in payments for services from at least October 1, 2001 through the present [2005]." Akal allegedly billed the Marshals Service for hours that were not worked (e.g., having officers sign in for an 8 hour shift, regardless of whether they were present for the entire shift), including invoices for hours worked when employees were on vacation or sick leave. Though the United States declined to intervene in the case, it was settled in 2007. Akal denied all liability.

United States ex rel Barnes, Borggreen, and Riche v. Akal Security, Inc., settled 2007

Former Akal security officers Tony Barnes, Raymond Borggreen, and Roger Riche filed a *qui tam* lawsuit alleging that Akal had failed to properly train employees at the Fort Riley, KS Army base in firearms and other security methods and submitted questionable paperwork. The lawsuit alleged that Akal's contract with the Army required Akal to:

- "Establish a training program for all persons performing security guard and supervisor duties and for ensuring that minimum proficiency standards...are met."
- Provide documentation of training
- Provide security guards weapons-qualified according to the Military Police Firearms Qualification (MPFQC)
- Provide specific training on, among other things, "Firearm qualification and safety, M9 pistol/shotgun...in accordance with [MPFQC]; OC Spray, Techniques, Use & application; Night stick/police baton use and techniques."

Akal allegedly failed to train its employees according to MPFQC in using a 9mm semi-automatic prior to their work at Ft. Riley. The lawsuit also claimed that prior to starting work, employees were sent to train on an unapproved course with a maximum distance to target of 25 meters instead of the required 35. Furthermore, many employees failed to qualify even on the shorter course; the Chief of Guards at the time allegedly "instructed the Lieutenants to count as "hits" any round striking any portion of the target paper, not only hits within the silhouette as required

by the applicable procedures.” Instead of maintaining the targets, as required under the contract, it was alleged that Akal instead kept a memo on file stating that the employees has passed certification as required. Furthermore, the lawsuit claimed Akal failed to train employees in the use of pepper spray, night sticks, restraints, and first aid. Although Akal denied liability for all claims, it settled for \$18 million in 2007.

U.S. Department of Justice Investigation into Akal’s Training Methods, 2010-2012

Three years after Akal’s settlement of a False Claims Act lawsuit alleging improper training at Fort Riley in Kansas, two Akal employees stepped forward with information alleging similar problems in Northern California.

Based on information provided by two Akal employees, the DOJ investigated Akal for alleged improper training and certifying of courthouse security officers in the Northern District of California. Specifically, the DOJ alleged that “from 2007 to 2011 certain Akal Security range masters who administered the test did not apply the time limitations, sometimes out of concern that security officers would not be able to pass a timed test. The United States further alleged that the range masters then certified to the Marshals Service that the tests had been conducted appropriately when, in fact, they had not.”

Although Akal settled with the DOJ for \$1.8 million, it denied the allegations raised by the DOJ during the investigation.

Romano v. Akal Security, settled in 2014

Gary Romano alleged that he was one of two Akal employees who brought Akal’s improper training of courthouse security officers in the Northern District of California to the attention of the Department of Justice in 2010, resulting in the settlement described above. Romano was fired in May 2012, towards the end of the DOJ investigation, after which he filed this wrongful termination suit. Romano claimed that his firing was in retaliation for his assistance with the DOJ investigation. Romano settled with Akal in February 2014. Akal denied liability.

Alleged Wage Theft

According to the Department of Labor database, Akal has **violated four core labor laws more than 5,400 times** in the period from 2005 to 2014. According to the database, Akal violated the Service Contract Act (SCA), the minimum wage and overtime wage provisions of the Fair Labor Standards Act (FLSA), the Family Medical Leave Act (FMLA), and the Contract Work Hours and Safety Standards Act (CWHSSA).

In order to remedy these violations—which, in total, **affected over 2,400 employees**—Akal paid more than **\$3.7 million in back wages between 2005 and 2010**. The largest single remedy was for \$1.1 million in 2005, owed to 593 employees after Akal violated the SCA.

According to the Department of Labor, from 2006 to 2009, Akal's subsidiary, Coastal International Security, violated various federal laws, including the FLSA, SCA, and CWHSSA 227 times—violations that affected 135 workers—and paid over \$200,000 in back wages.

In addition, many Akal security officers have filed individual and class action lawsuits against the company in order to remedy alleged wage and hour violations. These include:

Tony R. Barnes, et.al. v. Akal Security, Inc., et.al., settled 2007

Barnes, an Akal employee working at the Fort Riley, KS Army Base, alleged that Akal violated the FLSA by failing to pay overtime. Barnes was joined by 518 other plaintiffs in the class action who worked at U.S. Army bases. Other claims included an FLSA retaliation claim and state based wage and hour claims. The class action was settled in 2007. Akal denied any liability or wrongdoing.

Kankel v. Akal Security, settled 2014

Donald Kankel and Richard Muzquiz sued Akal Security on July 10, 2013 and sought to allow other Akal employees to opt-in to their lawsuit. The plaintiffs were airline security officers who provided security services in connection with the transfer of detainees by Immigration and Customs Enforcement. They would assist with transportation of detainees who were being moved domestically and internationally. While performing their work duties they were forbidden from leaving the airplane in order to take breaks. They asserted that Akal "routinely deducted lunch breaks from the time worked Plaintiffs and the other Aviation Security Officers although they could not take lunch breaks during their shifts." The officers alleged this resulted in Akal failing to properly pay them overtime pay for hours that they worked in excess of 40 hours a week. A settlement agreement was approved on July 10, 2014. While Akal continued to deny any wrongdoing, the suit was settled for \$410,000.

Alleged Discrimination Based on Race, Gender, Age, Disability, and other factors

While denying any wrongdoing, Akal paid \$1.62 million in 2010 to settle allegations by the Equal Employment Opportunity Commission (EEOC) that the company discriminated against pregnant employees at U.S. army bases.

In addition, allegations against Akal and companies in which it has a stake, have included:

- **Failing to consider a female candidate with a recognized "impressive" record of 25 years in law enforcement**, including as a Sergeant in the DC Metropolitan Police Department, because of her gender. The Sergeant alleges that her interviewer said, **"there are only men here, and I don't know where we will put you," or your "stuff and dress."**
- **Sexual harassment** where the EEOC issued a letter of determination had **forced employees to work in a hostile environment, as well as retaliation** against an employee who complained about the harassment
- Unequal treatment, including **termination, based on race.**

- Discrimination based on age, disability, and/or race, which included forcing security officers into months of leave without pay or a safety net.
- **Retaliation against employees** who bring complaints of discrimination
Akai has denied liability for all claims.

Equal Employment Opportunity Commission v. Akai Security, Inc., consent decree issued 2010

The Equal Employment Opportunity Commission (EEOC) filed a class action lawsuit against Akai alleging that the company **systematically discriminated against pregnant employees by** (1) giving pregnant employees less favorable terms of employment because they were pregnant, (2) **forcing pregnant employees to take a leave of absence or firing them** because they were pregnant, and (3) in at least one case retaliating against employees who complained about the discrimination.

The Court issued a consent decree in 2010, approving a **settlement of \$1.62 million**, in addition to the following **reporting requirements**: Akai was to notify the EEOC at least 10 days prior to any physical tests and note whether pregnant employees were allowed to take the test. Akai was also required to report to the EEOC any time a pregnant employee was required to take a leave of absence, was fired, or complained about pregnancy discrimination. The reporting requirements were in place for two years, ending in December 2012. Akai did not admit any violation of law or wrongdoing.

Recent Allegations of Discrimination Based on Age, Disability, and Race at the DC Courts

In late 2014, ten current and former Akai security officers came forward with allegations of discrimination based on age, disability, and/or race. According to complaints filed with the DC Office of Human Rights, EEOC, and/or the Office of Equal Employment Opportunity within the U.S. Marshals Service, many of these officers were placed on unpaid leave, and left without income from their security work, pending medical tests and documentation. The length of time without income ranged from six weeks to nine months. In some cases, security officers were reinstated, without compensation from Akai for the time spent on unpaid leave. In other cases, officers were left without work. Some security officers noted that their medical disqualification letters followed physicals in which their doctors had assessed them fit for duty, or that they had informed Akai of their medical conditions years earlier. Some were required to pay for their own testing or equipment, and some described the testing as “invasive” and “demeaning.”

Richardson v Akai Security, settled 2016

Vernon Richardson filed a lawsuit against Akai in US District Court for the District of Columbia in October 2015 in which he alleges that he was discriminated against on the basis of his disability. Richardson had worked as a CSO at the D.C. Superior Courthouse since 1994 and had undergone, and passed, annual physicals each year during his tenure. He was suspended without pay in February 2014 because of his diabetes—a condition he had been diagnosed with six years earlier and that Akai had been aware of. Akai required that he “test his glucose level six

times per day for ninety days, ..., undergo two A1c tests, an eye exam, a kidney test, a treadmill cardiac stress test, an EKG, provide a food log, and provide the doctors notes taken by his personal physician over the last two years.” His suspension was lifted in July 2014. Akal filed an answer to the complaint in January 2016 denying the allegations. The parties reached a settlement in principle on February 24, 2016.

Guerrero v Doyon Security Services, LLC et al, settled 2016

Guerrero filed a lawsuit in the 448th Judicial District Court of El Paso County, Texas on April 29, 2015 but it was removed to U.S. District Court for the Western District of Texas on June 17, 2015. In the lawsuit—in which Akal Security is listed as a plaintiff both individually and as part of the Doyon-Akal JV II joint venture—she alleges that she was subject to sex discrimination and harassment as well as discrimination based on her disability. Guerrero was hired in 2009 by Doyon-Akal as a Lieutenant at the ICE El Paso Processing Center. She was diagnosed with breast cancer and had to take intermittent FMLA leave for treatment between 2010 and December 2013. She alleges that one factor in her termination was a perception that she was “weak” because of her disability. She also alleges frequent incidences of sexual harassment with comments to her like “It’s going to cost you a table dance” or about others in her presence such as “‘Why did she leave, I have a big hot chile here for her,’ motioning to his crotch.” She alleges that the company did nothing to address her complaints and, instead, retaliated against her by placing her on unpaid leave and then demoting her to Detention Officer with a lower salary. Akal denied the allegations. The parties reached a mediated settlement in February 2016.

Gallagher v Akal Security, settled 2015

Gallagher filed a lawsuit in US District Court for the Eastern District of Pennsylvania on June 1, 2015 in which he alleges that Akal discriminated against him due to his age. He was hired by Akal in May 1990 and worked for them through March 2014. At the time of his termination he was a Court Security Officer at the Federal Courthouse in Philadelphia and was 68 years old. In February 2014 he disarmed and detained a man who came to the courthouse with a gun in his waistband. The Federal Protective Police arrived subsequently released the individual. Gallagher was placed on unpaid administrative leave that afternoon and the next day met with the Site Supervisor who accused him of violating several policies concerning proper procedures during the incident—procedures that Gallagher alleges did not exist in writing. On March 24, 2014 he was terminated without any prior progressive discipline. He alleges that younger employees had not been terminated for policy violations, and other older employees had been. Akal responded to the complaint in August 2015, denying the allegations. The case was settled and dismissed in September 2015.

Emery v Akal Security, et al, settled 2015

Emery filed a lawsuit in US District Court for the Western District of Pennsylvania on May 5, 2015 in which he alleged violations of the Americans with Disabilities Act, the Rehabilitation Act, and the Pennsylvania Human Rights Act. He had been a Court Security Officer since May 2004

and had been employed by Akal as Lead CSO since they took over the contract in 2012. Since being hired he had passed his annual fitness for duty reviews every year despite having diabetes—a condition that, he alleges, Akal and the US Marshals Service (USMS) were aware of since he was hired. In November 2013 Akal removed him from his duties due to his diabetes at the behest of the USMS and was ordered to undergo additional medical testing by February 2014 including a hearing test, stress test, eye exam, foot exam, an A1C test; and to provide a 90-day insulin and food log among other information. He had to purchase his own blood glucose meter and hearing aids. He provided the documentation to Akal by the due date and it was forwarded to the USMS. In total he was without pay for seventeen weeks before being allowed to return to work in March 2014. A Joint Notice of Case Resolution was filed with the court on July 20, 2015 in which the parties indicated that they anticipated finalizing a settlement by July 30, 2015.

Yoquelet v Akal Security Inc. et al, settled 2015

Yoquelet filed a lawsuit in US District Court for the Western District of Kentucky on April 20, 2015 in which he alleges that his rights under the Age Discrimination in Employment Act and the ADA were violated. He was the Lead Court Security Officer for Akal at the Owensboro Federal Courthouse and worked for as a CSO since July 1984. During his annual medical examination in 2013 his doctor listed a blood thinner as a medication that he was taking but cleared him for duty. In September 2013 he had his next medical examination and was subsequently removed from duty by the Federal Occupational Health Agency and the USMS and was required to provide additional medical information, which he did. His doctor placed no restrictions on his ability to perform his job. However, he was asked again to provide additional information and to undergo more testing, including a stress test. In April 2014 Akal terminated him after the FOH and USMS alleged that he did not meet their medical standards. He alleges that younger officers were not terminated in similar circumstances. On June 22, 2015 Akal filed a counter-complaint against Yoquelet claiming breach of contract. Akal alleges that Yoquelet was covered by a collective bargaining agreement that holds them harmless for any claims concerning removal of employees by the Government under terms contained in the contract between Akal and the Government. Yoquelet claims that the counter-complaint “fails to state a claim on which relief can be granted” and should be dismissed. The case was settled in September 2015.

Harrell v Akal Security, Inc., settled 2015

Harrell filed a lawsuit in US District Court for the Eastern District of Texas on January 12, 2015 alleging that the company violated his rights under the Americans with Disabilities Act. He was hired as a Court Security Officer in 2001. Having been diagnosed with pre-diabetes at one time and taking oral medications for it, he had not taken those medications since 2004. Yet Akal, under the belief that he suffered from diabetes required him to take a variety of medical tests—some of which could not be completed in the short timeframe required by the company, and he was not allowed an extension. His doctor from the VA “advised that he did not need any of this testing because he does not have diabetes. His personal physician agreed.” Akal allegedly

refused to forward the information from his doctor to the USMS and he was terminated in May 2014 after thirteen years on the job, with Akal blaming the USMS for the tight deadlines imposed by their contract. In his complaint, Harrell states “Akal Security cannot contract out of its obligations under the disability law by allowing the government to make a decision that is illegal under the ADA and then blindly going along with it.” The parties reached a settlement on April 8, 2015 and the case was dismissed on 7/22/2015.

Vitale v. Akal Security, settled 2015

Cynthia Vitale, formerly a Court Security Officer (CSO) at the Federal Courthouse in Knoxville, Tennessee, filed an EEOC complaint against Akal Security in August 2012 and an amended complaint a year later. After receiving a notice of the right to sue, she filed suit in 2013. First employed by Akal in Miami, Florida as a Court Security Officer, she **transferred to Knoxville after reporting harassment and discrimination in Miami**, which she alleges Akal “took minimal action” on.

In Knoxville she again reported to Akal that she was experiencing harassment by male colleagues. Harassment included male officers using the women’s restroom and leaving urine on the seat. After complaining to a supervisor, she continued to find urine on the seat despite her additional complaints. She also alleges that she complained to supervisors about other actions that she alleged were unsafe or illegal, including improper screening of visitors for weapons, phones, and other items; improper timekeeping; weapons removed from the work site; a “hit list” referenced by another CSO; and other activities. Vitale alleged that she was accused of sleeping at her post and was confronted by an Akal investigator who told her that she “had no friends, was crazy, and that everyone in the building thought she was unfriendly.” Her complaint alleged that, although she did her job correctly, she was also suspended 10 days after an unauthorized cell phone was allowed through the security screening station to which she was assigned to operate an X-Ray machine.

Vitale was terminated in April 2013 and she alleges that “**her termination was in retaliation** for filing a charge of discrimination, requesting workers compensation forms, reporting safety violations, reporting policy violations that affect public safety, and long-term sexual and other harassment springing from both her gender and her reports of violations, these actions being known to Akal management and no effective steps being taken to stop actions against her.” Akal denies the allegations. The case was settled on July 14, 2015.

Vichot v Akal Security (Pending)

Norberto Vichot filed a lawsuit against Akal in US District Court for the Southern District of Florida in November 2015 in which he alleges disability discrimination. Vichot is a Navy veteran, former sergeant with the Broward County, Florida Sherriff’s Office, and a degree holder in Criminal Justice. He went to work as a CSO in 2006 and worked at various federal courthouses including in Miami. Vichot has had diabetes since 1976 but has passed his annual job-related physicals since he began work as a CSO. That he is diabetic was known to Akal and he was able

to successfully control it. However, in February 2014 he was required to undergo additional testing, including a treadmill cardiac stress test, blood tests, and an eye exam. He was also required to provide blood glucose logs for 90 days as well as food and exercise logs and doctor's notes. His doctor "stated that Mr. Vichot was a role model for young diabetes patients" and said that he was fit for duty. Though he was asked to undergo more medical testing he declined. The USMS warned him that he could be disqualified from CSO work but did not take any action against him. Despite this, Akal terminated him for non-compliance in April 2014, an act that Vichot alleges was illegal discrimination based on his disability. Akal had not responded to the complaint as of December 18, 2015.

Versetto v Akal Security, Inc. (Pending)

Versetto filed a lawsuit in US District Court for the Northern District of Illinois on July 20, 2015 in which she alleges discrimination based on a failure to accommodate her disability under the Americans with Disabilities Act, gender discrimination, and wrongful discharge. She was hired by Akal in early 2011 as a Court Security Officer and was assigned to the Dirksen Federal Courthouse in Chicago, Illinois. She had previously gone through a physical exam prior to being hired and it was discovered that she had permanent, complete hearing loss in her left ear—a condition she had since childhood. As a condition of employment she obtained a hearing aid. The type of hearing aid she had "was a two-piece hearing aid, where the aid in the affected ear transmitted real time signal (sound) to the receiver aid in the non-affected ear." Versetto claims that Akal's contract with the US Marshals Service was amended in 2010 to allow CSOs with hearing loss in one ear to qualify for employment under the contract if they could pass the hearing test with their hearing aids engaged—a test that she passed again in 2011 and 2012. In 2014, during the hearing test she was forced to occlude one ear, which made the hearing aid ineffective. She was terminated because of her inability to pass the hearing test under these conditions. Requests were denied to allow her to take the tests with her hearing aid engaged and she was denied reinstatement. Male officers with one-piece hearing aids were allowed to use them during their tests. Akal filed an answer to the complaint in September 2015 denying the allegations. The case is ongoing as of 11/4/2015.

Shiple v. Akal Security, settled in 2014

Robert "Randy" Shiple was a Court Security Officer at the Fort Lauderdale federal courthouse in Florida. He sued Akal Security and Harvey Lipson (a Lead Security Officer and Shiple's supervisor) in January 2013 alleging sexual harassment as well as for retaliation after he filed complaints and supplemental complaints with the EEOC in 2009, 2010, and 2012. The complaint alleged that the EEOC issued a letter of determination concerning the 2009 and 2010 charges in which it "conclude[d] that the evidence obtained during its investigation established that Shiple and other male employees of Akal were **sexually harassed** by Lipson, and that Shiple and other male employees were **compelled to work in a hostile work environment.**" The EEOC also issued a notice of the right to sue. Shiple alleged that Lipson **asked him to sit on his lap, blew him kisses, and asked for sexual favors in exchange for giving him time off**, among other

things. Shipley alleged that **Akal did nothing to stop it despite being aware** of the supervisor's actions. **Akal allegedly took retaliatory actions** against Shipley by, among other things, writing him up, denying him leave, and placing him on unpaid administrative leave. The case was settled in April 2014 and Akal denied all wrongdoing.

Butler v. Akal Security, settled 2013

Shirley Butler filed a lawsuit against Akal Security in 2012, in which she alleged that Akal **passed her over for a position** as a Court Security Officer (CSO) in the federal courthouse in Jacksonville, Florida **in favor of a male candidate who did not meet all of the minimal qualifications for the position—qualifications that she easily met.** Despite recognizing her **“impressive” experience of 25 years in law enforcement including time as a Sergeant in the DC Metropolitan Police Department** and as a CSO in another courthouse, Butler alleges that, unlike all male candidates for the position, Akal management did not ask her any substantive questions in her interview, call her references, or give her a tour of the courthouse. Akal also failed to have a representative of the U.S. Marshals Service sit in on her interview.

In addition, the complaint alleges that the interviewer said that **“there are only men here, and I don't know where we will put you” or your “stuff and dress.”** She claimed he also appeared to cast doubt on her ability to deal with the physical rigors of the job.

The complaint also alleged that after passing her over, additional positions for CSO were posted and she was not considered for those positions either. Butler filed a complaint with the EEOC in September 2009 alleging sex discrimination. She claimed that in January 2010 the Regional Manager of Akal contacted Butler about open CSO positions and, though she went through two rounds of interviews, she became convinced that the only reason they had called her back was because of her EEOC complaint. She alleged that she did not receive the job, nor did she receive any follow up information about CSO positions that might have been available in Orlando, to which the Regional Manager alluded when they met. She sued after receiving permission from the EEOC to do so. The case was settled in May 2013. Akal denied all wrongdoing.

Hicks v. Doyon Security Services, LLC d/b/a Doyon Akal JV, settled 2013

Raymond Hicks was a Lieutenant with Doyon Akal JV – a joint venture in which Akal Security had a 49% stake. He filed suit in April 2012 alleging that he was being **treated differently from his white colleagues** and that he was eventually **let go for actions in which other non-Black employees engaged.** He claimed that his supervisors and Doyon Akal JV “crafted and implemented a plan to eventually terminate Plaintiff based upon his race.” He alleged that none of his non-Black colleagues were terminated for the same reasons and those who discriminated against him were not terminated either. Akal denied the claims. The case was settled on January 4, 2013. Doyon Akal JV denied the allegations.

OFCCP Discrimination Settlement

In July 2014, Akal Security agreed to pay Dayton, Ohio Court Security Officer William Ellington \$54,424 in back wages and interest to settle claims that he was retaliated against after he filed a discrimination complaint with the Office of Federal Contract Compliance Programs (OFCCP). “Ellington, the only African-American security guard at his location, alleged [in his OFCCP complaint] that he was disciplined for minor infractions while his fellow security guards were not.”

Findings and Allegations of Noncompliance with Employee Health and Safety Laws

The Occupational Safety and Health Administration (OSHA) and the California State Division of Occupational Safety and Health have cited Akal, Coastal, and Akal’s joint venture with Doyon Security Services for violations of the workplace rules that keep security officers safe on the job, with OSHA imposing initial fines of \$32,835 between 2006 and 2015 which were reduced via informal settlements to \$19,701. According to data compiled by the Bureau of Labor Statistics, security officers are **2.4 times as likely to face violence on the job**, compared to the average for all occupations, and **three times as likely to be injured by another person**.

In March 2015, a complaint was filed by SEIU Local 200United, the union that represents Akal officers working at ICE’s Buffalo Federal Detention Facility in Batavia, NY, alleging that Akal failed to provide properly fitting body armor. The complaint alleged that the body armor restricted movement and overlapped with the officers’ duty belts. Additionally, the complaint alleged that the duty belt was of inferior quality and did not allow officers to effectively draw their firearms from their holsters. The complaint resulted in two citations in August 2015 by OSHA for serious violations and a fine of \$9,000 that was subsequently reduced to \$4,500 via an informal settlement.

In 2015, Doyon/Akal JV2 was cited for a serious violation by OSHA because of issues related to sanitation at the ICE El Paso Processing Center and fined \$2,550. An informal settlement resulted in the fine being reduced to \$2,000 and the violation being recategorized as “other.”

Also in 2015, Doyon/Akal JV2 was cited for a serious violation by OSHA at the ICE El Paso Processing Center related to their Exposure Control Plan for bloodborne pathogens. The case remains open as of December 14, 2015.

In 2012, Akal was cited for a serious violation by OSHA because they had **provided body armor which was expired, or did not properly fit security officers** who were working at the U.S. 10th Circuit courthouse at 1823 Stout Street, Denver, Colorado. The company paid a \$2,550 fine, reduced from the initial penalty of \$4,250. Akal denied liability.

In 2012, Coastal was cited for a serious violation by OSHA related to the design and construction of exit routes at the Food & Drug Administration Offices at 10903 New Hampshire Ave NE, Silver Spring, Maryland.

In 2010, Akal was issued a serious violation by OSHA for improper wiring and equipment at the U.S. 11th Circuit courthouse at 301 N. Miami Ave, Miami, Florida. The company was assessed a \$2,625 fine after an initial penalty of \$3,500.

In 2010, Coastal was issued two serious violations by OSHA related to the availability of potable water and the availability of toilet facilities provided to its employees at the Food & Drug Administration Offices at 10903 New Hampshire Ave NE, Silver Spring, Maryland. The company was assessed a \$2,975 fine after an informal settlement reduced the initial penalty of \$4,250.

In 2010, the California State Division of Occupational Safety and Health cited Akal for failing to establish, implement, and maintain an injury and illness prevention program or a heat illness prevention program. The company was assessed a \$650 fine.

Government Accountability Office Investigation

Akal Security was allegedly one of fifteen federal contractors profiled in a report produced by the United States Government Accountability Office in September 2010. The report examined companies that received federal contracts during fiscal years 2005 through 2009 and that were also cited for violations of occupational safety, health, or wage regulations. While unnamed in the GAO's report, the Project on Government Oversight alleges that Akal Security was one of the companies profiled in the GAO's third case study (along with Coastal International Security, Inc.). The data about the company listed in the case study accords with publicly available data.

The report noted that:

- The DoL's Wage & Hour Division "assessed over \$3.7 million in back wages for over 2,500 employees since fiscal year 2005. The firm has agreed to pay these assessments."
- "Investigators noted that the company had a lack of regard for the Collective Bargaining Agreement (CBA) and considered debarment for the firm's history of violations; however, the firm was never debarred."
- The "company agreed to pay \$18 million in a settlement to the U.S. government in 2007 for allegedly violating contract requirements, such as weapons qualifications, for civilian guards at eight U.S. Army bases."

Alleged Violations of Security Officers' Right to Organize

From December 2014 to March 2015, Akal Security was under federal investigation by Region 5 of the National Labor Relations Board for allegations that:

- Akal maintained a media policy which unlawfully prohibited workers from communicating about their terms and conditions of employment; and that
- Akal unlawfully prohibited use of its electronic equipment and email systems for activity unrelated to the employer's business purposes.

On April 1, 2015 Akal entered into a settlement agreement in which it agreed to rescind or revise these rules in its employee handbook. The company was required to post the settlement notice at all work locations .