

IN THE UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF ALABAMA

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UNITED STATES OF AMERICA  
*ex rel.* FRANKLIN HARRIS, Relator;

Plaintiffs,

v.

COLEMAN AMERICAN MOVING  
SERVICES, INC., d/b/a  
COVAN WORLDWIDE MOVING  
SERVICES, INC., and COLEMAN WORLD  
GROUP, LLC

Defendants.

DEBRA P. HACKETT, CLK  
U.S. DISTRICT COURT  
MIDDLE DISTRICT ALA  
Case No.

FILED UNDER SEAL  
JURY TRIAL  
DEMANDED

1-14-cv-0309-WHA-SRW

COMPLAINT FOR VIOLATIONS OF  
THE FEDERAL FALSE CLAIMS ACT

On behalf of the United States of America and himself Relator Franklin  
Harris, alleges as follows:

NATURE OF THE CASE

1. This is a civil fraud action brought by a private person known as a *qui tam* relator, or whistleblower, on behalf of the United States of America pursuant to the *qui tam* provisions of the Federal False Claims Act, 31 U.S.C. §§ 3729 *et. seq.*

2. This action alleges that the Defendants Coleman American Moving Services, Inc. (“Coleman Moving”) d/b/a Covan World-Wide Moving Services, Inc.

("Covan") and Coleman World Group, LLC ("Coleman Group") are actively engaged in a corporate scheme to defraud the U.S. Government by manipulating and falsely inflating the weights of tractor-trailer trucks used to transport the household goods and belongings of military personnel relocating within the continental United States. By doing this, the Defendants are able to falsely inflate the net weight of the goods transported on the trucks and overcharge the Government for their passage. This Complaint also alleges that in furtherance of Defendants' corporate scheme, Coleman Moving, Covan, and Coleman Group illegally incentivize their truck drivers, like the Relator, to falsely inflate the weights of their trucks, by paying them significantly more for transporting heavier loads.

3. The FCA provides that any person who engages in such conduct by knowingly submitting or causing to be submitted, a false or fraudulent claim, to the government for payment or approval, is liable for up to three times the amount of the damages sustained by the government as well as other relief the court may deem appropriate. The FCA also provides for civil penalties for each such claim submitted or paid in the amount of \$5,500 to \$11,000 per claim.

4. Liability attaches under the FCA when a defendant submits or causes another to submit a claim for payment from government funds that the defendant

knows is unwarranted and when false records or statements are knowingly made or used to get a false or fraudulent claim for government funds paid or approved.

5. Liability also attaches under the FCA when a defendant knowingly makes, uses, or causes to be made, a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money to the government or knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the government.

6. The FCA permits any person having information regarding false or fraudulent claims for payment from government funds to bring an action for himself as the Relator and for the government and allow him to share in any recovery.

7. It is a requirement under the FCA that the Complaint be filed under seal (without service on the Defendants) to enable the government to conduct its own investigation without the Defendants' knowledge and to allow the government an opportunity to intervene in the action.

8. Based on these provisions, Relator, Franklin Harris, seeks to recover damages and civil penalties arising from the Defendants' presentation of false and fraudulent records, claims, statements, certifications, and reverse false claims made to the United States of America, in connection with Defendants' practices related to billing the Government for false weights of tractor-trailer trucks used to transport the

household goods and belongings of military personnel relocating within the continental United States.

9. Relator seeks to recover all available damages, civil penalties, and all other relief available for expenditures impacted by Defendants' fraud, including all expenditures by the United States.

### JURISDICTION AND VENUE

10. This Court has subject matter jurisdiction pursuant to 31 U.S.C. § 3732(a) and 28 U.S.C. §§ 1331 and 1345. The underlying facts that support this Court's jurisdiction are set forth below in greater detail.

11. Venue is proper in this district pursuant to 31 U.S.C. § 3732(a) Defendants' principal place of business is located within the district, Defendants transact business within the district, and because acts set out in 31 U.S.C. § 3729 occurred within this district.

12. Relator, Franklin Harris brings this action on behalf of himself and the Government pursuant to 31 U.S.C. § 3730(b)(1).

13. As defined by 31 U.S.C. § 3730(e)(4)(B) of the FCA, Relator Harris is the "original source" of the allegations made herein. Accordingly, he has made the required voluntary pre-filing disclosure to the Government.

14. Further, in accordance with 31 U.S.C. § 3730(b)(5), the facts underlying this action are unrelated to those on which any other action is based

#### PARTIES

15. The Relator, Franklin Harris, worked for Coleman Group as a truck driver engaged in the tractor-trailer transport of military personnel's household belongings from March 2012 through July 2013. At all times relevant to his employment and at present, Mr. Harris carried a North Carolina commercial driver's license.

16. While employed by Coleman Group, Mr. Harris was based out of the Covan's Fayetteville, North Carolina facility, located at 715 Whitfield St., Fayetteville, NC 28306-1617. However, he frequently traveled to Defendants' other facilities throughout the continental U.S., particularly Defendants' Southeast facilities, including those located in New Bern, NC; Jacksonville, NC; Columbia, SC; Augusta, GA; Orlando, FL; Fort Lee, VA; Norfolk, VA; Jessup, MD; Columbus, GA, and Fort Campbell, KY.

17. Typically, Relator Harris drove a tractor-trailer truck carrying loose or packed household goods belonging to military personnel who were relocating a distance of approximately 35 miles or more (transport greater than local moves)

within the continental United States, or what the Department of Defense (“DoD”) refers to as “CONUS.”

18. Mr. Harris’ job did not cause him to be involved with the weighing of crates in the Defendants’ warehouses but rather one of his job responsibilities was to have the tractor-trailer truck he drove weighed at highway weigh stations using a Certified Automated Truck (“CAT”) Scale.

19. Defendant Coleman is an Alabama and Georgia corporation with its principal place of business located 1 Covan Drive, Midland City, AL. Coleman was founded in 1914. Coleman has facilities throughout the U.S., including 715 Whitfield St. Fayetteville, NC, where the Relator was based.

20. Referring to itself as “Coleman-Allied” frequently on its website, in 2004, Coleman partnered with Allied to provide transportation and storage sites throughout the United States. Presently, most of the Coleman facilities carry the Allied name – there are 47 Allied branded locations and 9 additional Coleman American Companies.

21. Government and military moving is also featured on Coleman’s website. Coleman offers both domestic and international moving services, claiming to have moved over 12,000 military customers each year.

22. Defendant Covan is a Missouri corporation with its principal place of business located at 1 Covan Dr., Midland City, AL 36350. Covan was founded in 1914, and today has over 50 offices in 17 states, including 715 Whitfield St. Fayetteville, NC, where the Relator was based. Covan operates over 200 interstate operating units with another 600 units utilized for local and short haul activity.

23. Government and military moving is a featured service on Covan's website. According to its website, Covan offers military personnel the following services: Free In-Home Estimate, Full-Service Packing, Packing Materials Sale, Vehicle Shipping, Piano Shipping, Long-Term or Short-Term Storage Services, Third Party Services (furniture and appliance assembly/disassembly), Online Shipment Tracking for Long-Distance Moves, and Valuation Insurance Options. Notably, Covan's website also refers to their use of "online shipment tracking technology" and employment of "government moving experts."

24. Defendant Coleman Group is an Alabama domestic limited liability company with its principal place of business located at 100 Eagle Ridge Drive Midland City, AL 36350. Coleman Group's website also advertises government and military moves, again referring to itself as the "experts" in military moves. Coleman Group's website also lists other "company websites" which include –

[www.colemanallied.com](http://www.colemanallied.com), [www.colemanhawaii.com](http://www.colemanhawaii.com), [www.alliedalaska.com](http://www.alliedalaska.com), and [www.covan.com](http://www.covan.com).

### GENERAL ALLEGATIONS

25. Periodic relocations are common for military officers and enlisted personnel. According to the Department of Defense (“DoD”), each year approximately one third of all members of the military relocate.

26. To make military moves easier, the DoD, United States Transportation Command (“USTRANSCOM”) and the Military Surface Deployment and Distribution Command (“SDDC”) developed the Defense Personal Property Program, or DP3. As part of the DP3 mission, an Internet-based system to manage DoD household goods moves was created: the Defense Personal Property System (“DPS”).

27. There are several different types of military moves, including shipments overseas and outside of the continental United States (“OCONUS”). Shipments which both originate in and end in the continental United States are referred to as “CONUS” to CONUS. According to Defense Transportation Regulation – Part IV, Section C(b)(1) - a shipment is CONUS to CONUS when it goes from an origin state (4 states [California, Florida, Texas, and Alaska] are split into separate rate areas for



originating shipments) to destination region. (Destination regions are a combination of states). There are 13 destination regions in CONUS, plus intrastate and Alaska.

28. The allegations in this Complaint refer to CONUS to CONUS shipments transported by tractor-trailer where the net weight of the shipment is used to calculate Government reimbursement.

29. The Department of Defense contracts with a number of commercial carriers, including the Defendants, to transport the household goods of military personnel once they are asked to relocate.

30. According to Defendant Coleman's website, the Defendant companies are responsible for over 12,000 military moves per year over the past several years. It is estimated that the Defendants have over 700 moving trucks in their fleet.

31. Every member of the military asked to relocate is given a weight allowance. Weight allowances represent the maximum number of pounds the Government will pay for the transport of that military member's household belongings. Military personnel of different rank are given different weight allowances. Weight allowances also vary depending on whether the service member is moving with or without his or her family.

32. For example, for the year 2011, a relocating aviation cadet had a weight allowance of 7,000 lbs. without dependents or 8,000 lbs. with dependents. While, in

the same year, the highest ranking military officer had a maximum weight allowance whether moving with or without dependents of 18,000 lbs.

33. Generally, DoD Defense Transportation Regulations govern the requirements and allowances for military moves. In particular, these regulations specify that Bills of Lading submitted to the Government for the transportation of Government employees household goods is based on their net weight.

34. Pursuant to 48 CFR § 52.247-11, net weight of household goods is calculated as follows:

NET WEIGHT—HOUSEHOLD GOODS OR OFFICE FURNITURE (APR 1984)

- (A) **NET WEIGHT—FULL LOADS.** THE NET WEIGHT OF THE SHIPMENT SHALL BE DETERMINED BY DEDUCTING THE **TARE WEIGHT** OF THE VEHICLE (DETERMINED BY HAVING A CERTIFIED WEIGHMASTER WEIGH ON A CERTIFIED SCALE THE EMPTY VEHICLE WITH ALL BLANKETS, PADS, CHAINS, DOLLIES, HAND TRUCKS, AND ALL OTHER NECESSARY EQUIPMENT INSIDE THE VEHICLE) FROM THE **GROSS WEIGHT** OF THE VEHICLE (DETERMINED BY HAVING A CERTIFIED WEIGHMASTER WEIGH ON A CERTIFIED SCALE THE FULLY LOADED VEHICLE BEFORE ARRIVAL AT DESTINATION).
- (B) **NET WEIGHT—PART LOADS.** THE NET WEIGHT OF THE FIRST PART LOAD SHALL BE DETERMINED IN THE SAME MANNER AS SPECIFIED FOR A FULL LOAD. THE NET WEIGHT OF THE SECOND PART LOAD SHALL BE DETERMINED BY USING AS THE **TARE WEIGHT** OF THE VEHICLE THE **GROSS WEIGHT** OF THE VEHICLE CONTAINING THE FIRST PART LOAD AND DEDUCTING THIS WEIGHT FROM THE **NEW GROSS WEIGHT** (DETERMINED BY HAVING THE LOADED VEHICLE WEIGHED

AGAIN, IN THE SAME MANNER AS SPECIFIED FOR THE FULL LOAD). THE SAME PROCEDURE SHALL APPLY FOR EACH SUCCEEDING PART LOAD.

(C) WEIGHT CERTIFICATES. THE CONTRACTOR SHALL ATTACH THE ORIGINAL COPY OF EACH WEIGHT CERTIFICATE TO THE INVOICE FOR SERVICES.

*Emphasis added.*

35. When military personnel relocate with the CONUS, they may set up their move three months in advance. Initially, the Defendants will send out a representative to perform a “pre-move survey,” which is designed to get an estimate of the weight of the household goods to be moved and establish a date for pick-up and delivery of the goods.

36. On the pick-up date (or shortly before), packers, employed by the Defendants may go out to the home of the individual and pack their belongings into boxes. Subsequently, these boxes and other household goods are loaded on to a truck, generally a tractor-trailer, by moving helpers, also employed by the Defendants.

37. However, before the moving truck is loaded at the individual’s residence, the driver is required to have the “empty” truck weighed using a CAT Scale at a local weigh station. This is done in order to obtain the tare weight or “light weight” of the truck.

38. As mandated by 48 CFR § 52.247-11, in order to obtain the proper tare weight of the truck, the truck must be weighed empty of any household goods, people, or other items but containing all blankets, pads, chains, dollies, hand trucks, and all other necessary equipment for the move.

39. While employed by the Defendants, the Relator drove a Freightliner Century Class truck. The tare weight of his empty truck was approximately 38,000 lbs. The tare weight of his truck equipped with moving supplies usually ranged from 40,000 to 42,000 lbs.

40. Once the truck is properly weighed, the CAT Scale operator or “weighmaster” issues the driver a weight certificate. Every weight certificate contains a four digit number on the lower left-hand corner. This number follows the shipment as it is re-weighed. The weight certificates generated are later attached to the Bill of Lading submitted to the Government for payment.

41. After the truck is loaded with household goods, the driver must return to the weigh station for the truck to be weighed again using the CAT Scale. This weight is known as the truck’s gross weight or “heavy weight.” A second weight certificate is issued by the CAT Scale operator and handed to the driver. This weight certificate is also later attached to the Bill of Lading submitted to the Government for payment.

42. The difference between the truck's tare weight and gross weight is the correct number of pounds which should be entered on the Bill of Lading – this is known as the “net weight.”

43. Often times, after an initial pick-up the truck may only be partially loaded. Accordingly, after the first two weights are obtained as described *supra*, the truck may proceed to a second pick-up. However, in that instance the truck must be weighed a third time. For the second pick-up, the tare weight is the truck's second weight and the gross weight is the third weight. The net weight is the difference between the second and third weight certificates.

44. Weight certificates are handed in, on a weekly basis, to the business office of Defendants' facility to which the driver reports.

45. In addition, for every pick-up and delivery made, Defendants' truck drivers are required to complete a document known as a “Mileage Driver Weekly Pay Record.” This document allows the company to track the whereabouts of a particular load and the driver and it is also used as a means to calculate the driver's compensation.

46. Using Defendants' pay-scale, truck drivers working for the Defendant companies are compensated more for heavier loads. For example, if Driver A hauls a residential load weighing between 8,000 and 13,000 lbs. he is compensated \$3 per 100

pounds hauled or, \$390 for a 13,000 lb. load. While, Driver B, who hauls a residential load weighing 13,001 lbs. is compensated \$4 per 100 pounds or, \$520. Driver B gets an additional \$130 for a load only one pound heavier.

### SPECIFIC ALLEGATIONS

47. This Complaint alleges that on an ongoing basis since approximately 2009, in order to fraudulently increase the net weights used to calculate the amount of reimbursement paid by the Government, the Defendants have engaged in a company-wide scheme to falsely inflate the tare and gross weights of their trucks.

48. As stated, Relator Harris was based out of the Covan's Fayetteville, North Carolina facility, located at 715 Whitfield St., Fayetteville, NC 28306-1617. However, he frequently traveled to Defendants' other facilities, particularly those throughout the Southeast, including New Bern, NC; Jacksonville, NC; Columbia, SC; Augusta, GA; Orlando, FL; Fort Lee, VA; Norfolk, VA; Jessup, MD; Columbus, GA, and Fort Campbell, KY.

49. Relator Harris had occasion to speak to other truck drivers, moving helpers, and other employees of the Defendants at the various facilities he visited. During those conversations, he confirmed that Defendants' scheme to falsely inflate the tare and gross weights of their moving trucks was universal.

50. The Relator was hired by Covan as a truck driver in 2012. When he started, he was trained by another truck driver – Angel Valez (“Driver Valez”), the General Manager of the Fayetteville facility – Ms. Paula West (“GM West”), as well as a Regional General Manager for Covan – Mr. Gary Adams (“RGM Adams”).

51. Approximately one month into his employment, GM West instructed Relator Harris to go out for training with Driver Valez for training. It was during this training that Relator Harris first learned of Defendants’ fraudulent practices.

52. While out, Driver Valez instructed Relator Harris how to alter both the tare and gross weights of the truck. As they pulled into the weigh station before their first pick-up, Valez instructed the Relator on how to get the lowest possible tare weight. Among other things, he instructed the Relator to have the truck weighed without the two rear axles on the CAT Scale. Driver Valez also told the Relator to remove all of the packing and moving equipment, pads, dollies, etc. prior to having the truck weighed.

53. Removing the rear axles from being weighed, on average, would lower the truck’s weight by approximately 1,000 - 2,000 lbs.

54. Weighing the truck unequipped, without the packing and moving equipment, would lower the truck’s weight by an additional 1,000 – 2,000 lbs.

55. At the pick-up location, Driver Valez instructed the Relator to inquire as to the officer or enlisted personnel's maximum weight allowance. This information would give them an idea on how much room they had to manipulate the truck's gross weight without going over the individual's maximum weight allowance.

56. After pick-up, they went to obtain the gross weight of the truck at the CAT Scale. There, Driver Valez instructed the Relator to remain in the truck so that it would carry his body weight. He also instructed him to have any helpers stay inside the truck when it was weighed. Moreover, on this weigh, the packing and moving equipment as well as all of the truck's axels were placed on the CAT Scale.

57. These alterations could increase the weight of the truck by an additional 4,000 lbs. or more.

58. Driver Valez instructed the Relator that to "get the weights up" on the truck, they would also sometimes have to go back to the facility and load empty crates and/or extra helpers on to the truck. He informed the Relator that if you returned to the CAT Scale within 24 hours they would let you re-weigh the truck for a nominal fee, usually around \$2.

59. After the load was moved to its final destination, Driver Valez instructed the Relator to hand in all of his weight certificates from the CAT Scale to GM West. GM West would never question the submission of multiple weight certificates, clearly



indicating re-weighs. Without fail, GM West would always select the weight certificate with the lightest weight for the tare weight and the one with the highest weight for the gross weight. This resulted in the highest possible net weight which was submitted to the Government for payment.

60. As time went on, Relator Harris confirmed that manipulating the weights of the truck was a corporate policy. He began to notice that he received smaller and fewer job assignments than Driver Valez. GM West was responsible for scheduling jobs at the Fayetteville facility. When he questioned GM West about his job assignments as compared to those given to Driver Valez, she informed him that “Angel bumps weights and you don’t.”

61. To that end, on more than one occasion, GM West and RGM Adams referred to manipulating the truck’s tare and gross weights as “getting the extra dollar.”

62. This was the precise result of Defendants’ scheme. For example, if the Government reimbursed at a rate of \$1 per pound for an 8,000 pound load going from Colorado to Illinois, transport would cost \$8,000. However, if the weight of the truck was manipulated using the techniques Defendants instructed, an additional \$4,000 “extra dollars” or more could be gained for transporting the same load.

63. Moreover, the Defendant companies incentivized the Relator and all of their truck drivers to falsely inflate the weights of their trucks by paying them more for hauling heavier loads.

64. For every pick-up and delivery made, truck drivers are required to complete a document known as a "Mileage Driver Weekly Pay Record." This document allows the Defendant companies to track the whereabouts of the loads and the drivers, but it is also used to calculate the driver's compensation.

65. According to the Defendants' "Mileage Driver Weekly Pay Record," effective June 2013, loads of the following weights equated to the following rates of pay for Defendants' truck drivers:

Weight (lbs.) of Residential Load	Rate Paid to Driver (CWT = \$/100 lbs.)
0-4,000	2.0 CWT
4,001-8,000	2.25 CWT
8,001-13,000	3.00 CWT
13,001-21,000	4.00 CWT
21,001 & over	5.00 CWT

66. Pursuant to Defendants' pay-scale, if Driver X hauled a residential load weighing 13,000 lbs., he was paid \$390. However, if he increased the weight of that load by just one pound to 13,001 lbs. he would be compensated at the higher rate of \$4 per 100 pounds for a total of \$520. As such, in this example, the Defendant would have paid Driver X an additional \$130 as an incentive payment for increasing the weight of his truck.

67. It is the Relator's belief that the Defendants' specifically designed this pay-scale to incentivize their drivers to falsely inflate the tare and gross weights of their trucks resulting in a higher net weight in furtherance of their fraudulent scheme.

COUNT I: VIOLETIONS OF THE FEDERAL FALSE CLAIMS  
ACT  
(31 U.S.C. § 3729 (a)(1)(A),(B) & (C))

68. Relator realleges and incorporates by reference the allegations contained in paragraphs 1 through 60 of this Complaint.

69. This is a claim for treble damages and civil penalties under the False Claims Act, 31 U.S.C. § 3729 (a)(1), as amended.

70. For the reasons stated above, each of the Defendants violated 31 U.S.C. § 3729 (a)(1)(A) & (B), by knowingly submitting and causing to be presented false claims for payment for the transportation of the household goods owned by members of the military to the United States.

71. Each of the Defendants also violated 31 U.S.C. § 3729 (a)(1)(C) because they conspired amongst themselves and with others to defraud the United States by submitting false claims for payment for the transportation of the household goods owned by members of the military to the United States.

72. By virtue of the acts described above, Defendants knowingly or acting with deliberate ignorance or with reckless disregard for the truth, presented or caused to be presented to the United States Government false or fraudulent claims for services which were reimbursed by the United States.

73. The United States, unaware of the falsity of the claims made by the Defendants, paid the Defendants for claims that would otherwise not have been allowed.

74. By knowingly failing to comply with requirements upon which payment was contingent, each claim presented to the United States by the Defendants was false.

75. By knowingly, willfully or recklessly presenting false claims for payment to the United States, Defendants have defrauded the United States in contravention of the False Claims Act, 31 U.S.C. § 3729(a)(1), to the damage of the treasury of the United States of America, by causing the United States to pay out money that it was not obligated to pay.

76. In carrying out these wrongful acts, Defendant has engaged in a protracted course and pattern of fraudulent conduct that was material to the United States' decision to pay these false claims.

77. As a direct and proximate result of Defendants' fraudulent and/or illegal actions and pattern of fraudulent conduct, the United States has paid directly or indirectly thousands of false claims that it would not otherwise have paid.

78. Damages to the United States include, but are not limited to, three times the full value of all such fraudulent claims.

79. Each and every such fraudulent claim is also subject to a civil fine under the False Claims Act of five thousand five hundred to eleven thousand dollars (\$5,500 - \$11,000).

WHEREFORE, Relator requests that judgment be entered against Defendants, ordering that:

A. Defendants cease and desist from violating the False Claims Act, 31 U.S.C. §§ 3729, *et seq.*;

B. Defendants pay not less than \$5,500 and not more than \$11,000 for each violation of 31 U.S.C. § 3729, plus three times the amount of damages the United States has sustained because of Defendants' actions;

C. Relator is awarded the maximum amount allowed pursuant to 31 U.S.C. § 3730(d);

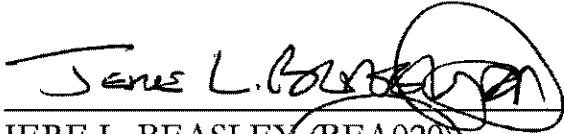
D. Relator is awarded all costs of this action, including attorneys' fees and costs pursuant to 31 U.S.C. § 3730(d);


E. Defendants are enjoined from concealing, removing, encumbering or disposing of assets which may be required to pay the civil monetary penalties imposed by the Court;


F. Defendants disgorge all sums by which they have been enriched unjustly by their wrongful conduct; and

G. The United States and the Relator, Franklin Harris recover such other relief as the Court deems just and proper.

Respectfully submitted,

  
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JERE L. BEASLEY (BEA020)

  
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W. DANIEL "DEE" MILES, III (MIL060)


  
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**JURY DEMAND**

PLAINTIFF HEREBY DEMANDS TRIAL BY JURY ON ALL ISSUES OF  
THIS CAUSE.

  
\_\_\_\_\_  
Of Counsel

**FILED IN CAMERA AND UNDER SEAL**  
**DO NOT SERVE DEFENDANT**