PRESS RELEASE

Deloitte Agrees to Pay $21.5M to Resolve Alleged Employment Discrimination Violations

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For Immediate Release

Office of Public Affairs

Today the Justice Department announced another False Claims Act resolution secured under the Civil Rights Fraud Initiative, which was launched by the Department in May 2025. Deloitte LLP, Deloitte Consulting LLP, Deloitte & Touche LLP, Deloitte Financial Advisory Services LLP, and Deloitte Transactions and Business Analytics LLP, (collectively, Deloitte) have agreed to pay the United States $21.5 million to resolve allegations that Deloitte violated the False Claims Act by failing to comply with anti-discrimination requirements in its federal contracts and discriminating against employees and applicants on the basis of their race or sex.

Most federal contracts contain a provision that requires contractors to provide equal opportunity to employees and applicants for employment. As a condition to being a federal contractor, the company must certify that it will not discriminate against an employee or applicant for employment because of race or sex and must further certify that it will take steps to ensure that applicants are employed, and employees are treated during employment, “without regard to” race or sex. The settlement resolves allegations that from 2017 to the present, Deloitte falsely certified compliance with these conditions, while engaging in discriminatory race and sex-based employment practices.

“Government contractors cannot reward or penalize employees based on race or sex — and labeling the practice DEI does not make it lawful,” said Attorney General Todd Blanche. “The

Justice Department will aggressively pursue government contractors that have used taxpayer dollars to fund unlawful discrimination."

"Merit drives opportunity and promotion. Not someone's sex or race," said Associate Attorney General Stanley E. Woodward Jr. "Today's settlement is yet another example of this Department's commitment to eliminating woke, unconstitutional practices from American workplaces."

"Federal contractors are bound by clear legal obligations: they must certify that they will make employment decisions without regard to race or sex, and they must honor that commitment — not circumvent it through demographic targets or programs that allocate opportunities based on protected characteristics," said Assistant Attorney General Brett A. Shumate of the Justice Department's Civil Division. "When a contractor misrepresents its compliance with federal anti discrimination law to secure federal funds, it violates the conditions for receiving those funds and risks liability under the False Claims Act. Today's resolution makes unmistakably clear that the Department will aggressively enforce these requirements, and companies who take taxpayer funds while engaging in illegal discrimination will be held accountable."

"As this settlement shows, the government is committed to ensuring that those who receive the benefits of federal contracts or funding must play by the rules," said U.S. Attorney Ryan Raybould for the Northern District of Texas. "The False Claims Act is a powerful tool for enforcing those obligations, and my office will not hesitate to use it to investigate and uncover any violations and to hold the responsible parties accountable."

The United States alleged that Deloitte took race or sex into account when making hiring, promotion, and staffing decisions to achieve progress toward non-public race and sex-based workforce composition goals. Business units within Deloitte received monthly summaries tracking the demographic goals within the unit, where representation or advancement toward the goal was highlighted in green, yellow, or red depending on whether the goal was exceeded, met or slightly missed, or significantly below the goal. In addition, the United States alleged that Deloitte's Partners, Principals and Managing Directors (PPMDs) were evaluated, in part, based on their contributions to helping Deloitte achieve its workforce composition goals, while, for a two-year period, approximately 150 of Deloitte's most senior PPMDs compensation could be impacted if their business units did not meet demographic goals set by Deloitte.

The United States alleged that these goals were also intended to impact Deloitte's promotion decisions, as business units were assigned goals for racial and sex make up of their yearly PPMD classes. For example, where the class of PPMD candidates initially met Deloitte's demographic goals, Deloitte identified candidates by race and sex in a spreadsheet when circulating the list of PPMD candidates, and suggested the individuals involved in selecting the PPMD candidates promote specific employees to "equitably maintain the current mix."

The United States further alleged that Deloitte set goals pertaining to the demographics of employees staffed to federal contracts, and sought to make statistically equal the percentage of Deloitte identified Under Represented Minorities (URMs) and non-URMs who were understaffed or “on the bench.” Deloitte identified employees that were available to be staffed on projects by race and sex and provided names of those employees to staffing managers and suggested that the managers consider staffing those employees whose utilization would help Deloitte achieve its goal of achieving parity between the percentage of URMs and non-URMs who were understaffed or “on the bench.”

Finally, the United States alleged that Deloitte offered certain training, mentoring, leadership development programs, educational opportunities or resources, and/or similar opportunities only to certain employees, with eligibility limited on the basis of race or sex. For example, Deloitte ran the Springboard and Compass programs, where eligibility to participate was limited on the basis of race and sex. These programs were designed to boost the career prospects of these individuals over others through sponsorship and networking.

This civil settlement includes the resolution of claims brought under the qui tam or whistleblower provisions of the False Claims Act by the American Alliance for Equal Rights. Under those provisions, a private party can file an action on behalf of the United States and receive a portion of any recovery. The qui tam case is captioned United States ex rel. American Alliance for Equal Rights v. Deloitte LLP, et al. (No. 4:25-cv-00458). Under the resolution, the Relator will receive $4,300,000.

This year the Administration launched the Task Force to Eliminate Fraud and the National Fraud Enforcement Division to enhance the Administration’s war on fraud, waste and abuse in federal programs. When unscrupulous actors exploit these programs for their own financial gain they defraud the government, harm the people these programs are designed to aid and protect, and undermine American businesses that play by the rules. The Civil Division’s FCA enforcement plays a critical role in combatting such fraudulent schemes, recovering billions of dollars for American taxpayers, and holding wrongdoers accountable. FCA matters will continue to be on the forefront of the battle against fraud, and the Civil Division’s FCA work will support and advance the mission of the Task Force to Eliminate Fraud and the National Fraud Enforcement Division.

The resolution obtained in this matter was the result of a coordinated effort between the Justice Department’s Civil Division, Commercial Litigation Branch, Fraud Section and the U.S. Attorney’s Office for the Northern District of Texas.

The claims resolved by the United States in the settlement are allegations only and there has been no determination of liability.

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Topic

FALSE CLAIMS ACT

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