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(202) 514-2008
TDD (202) 514-1888

MCDONNELL DOUGLAS SETTLES ALLEGATIONS OF MISCHARGING

WASHINGTON, D.C. -- McDonnell Douglas Corp., a wholly owned subsidiary of The Boeing Company, will pay the United States \$2 million to settle allegations it overcharged the government to repair equipment used to manufacture aircraft under a military contract, the Department of Justice announced today.

Assistant Attorney General Frank W. Hunger of the Civil Division said the agreement settles a lawsuit originally filed by Douglas Oberman, a former McDonnell Douglas employee, under the qui tam provisions of the False Claims Act.

"Improper overcharges by defense contractors are a major problem," Hunger said. "Lawsuits like this show that the Department is committed to ensuring that defense contractors claim only payments to which they are legally entitled."

Under the agreement, McDonnell Douglas will pay the government \$2 million within five days of the dismissal of the suit. The company also agreed that the payment will not be treated as tax deductible.

Oberman and his attorneys, in consenting to the dismissal of the case under a separate agreement, also will receive a payment of \$1.1 million from McDonnell Douglas within 10 days of the dismissal of the qui tam suit.

The Department accused McDonnell Douglas of overcharging the Department of Defense for the repair of equipment the company used to manufacture C-17 aircraft, which is an Air Force cargo plane.

The case, United States ex rel. Oberman v. McDonnell Douglas Corp., Case No. 91-3139 JMI (C.D. Cal.), was handled by attorneys in the Civil Division.

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