



Department of Justice

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GE & Two Subcontractors Pay \$11.5 Million to Resolve Allegations of Selling Defective Aircraft Parts to Defense Department

WASHINGTON -- General Electric Co. (GE) and two of its subcontractors have paid the United States \$11.5 million to settle a lawsuit that alleges that GE sold defective blades for engines in U.S. military airplanes and helicopters, the Justice Department announced today.

The lawsuit alleged quality-control problems over a period of years involving the manufacture of several types of engine blades at GE's Aircraft Engines division facility in Madisonville, Ky. These alleged problems included nonconformances in casting and in non-destructive testing. Two subcontractors, Howmet Corp., a subsidiary of Alcoa, and Precision Castparts Corp. manufactured unfinished castings for the blades, which GE then finished at the Madisonville facility. Both subcontractors were also named as defendants.

"This case demonstrates the federal government's commitment to ensuring that contractors meet the highest quality and safety standards when selling aircraft parts and equipment to the Defense Department," said Stuart Schiffer, Deputy Assistant Attorney General of the Civil Division of the Department of Justice. "This lawsuit is an excellent example of cooperation among federal agencies to help safeguard the lives of our service members and protect public funds."

The lawsuit was filed in the Western District of Kentucky in Owensboro by several employees of GE's Madisonville facility. The suit was filed under the False Claims Act, which permits private citizens known as "relators," to sue on behalf of the government to recover federal funds that were obtained by false or fraudulent claims. In accordance with the False Claims Act, the relators will be paid \$2,357,500.

The case was investigated by the Defense Criminal Investigative Service, the U.S. Army Criminal Investigation Command, the U.S. Navy Criminal Investigative Service, the U.S. Air Force Office of Special Investigation and the U.S. Department of Transportation, Office of the Inspector General. The Defense Contract Audit Agency provided audit support. The settlement was negotiated by the Justice Department's Civil Division and the Office of the U.S. Attorney for the Western District of Kentucky.

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