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GENERAL ELECTRIC PAYS U.S. $950,000 TO SETTLE CLAIM FOR TESTING FRAUD
WASHINGTON, D.C. -- The General Electric Company has paid the United States $950,000 for allegedly misrepresenting that it had conducted certain test procedures on circuit boards for hundreds of aircraft engine controls when in fact the tests were not conducted, the Department of Justice announced today. Frank W. Hunger, Assistant Attorney General in charge of the Civil Division, and U.S. Attorney Dale Ann Goldberg of Cincinnati, Ohio, said General Electric notified the Department of Defense's Inspector General of the false representations under the agency's Voluntary Disclosure Program in 1994. The Department said General Electric, a major manufacturer of aircraft engines, sold hundreds of aircraft engines with engine control circuit boards that had not undergone required ionic cleanliness, electrostatic discharge and solder purity procedures. GE, in delivering the engines to the United States, said it had completed the tests. "Defense contractors should be forewarned that the Department of Defense and the Department of Justice are determined to investigate and prosecute any misdeeds by those who win government contracts," said Hunger. "Every military contractor must adhere to all provisions of its contract and perform each and every test as required. We will not tolerate anything less." "The False Claims Act has proven to be one of several significant and effective legal tools with which we can insure full compliance with government contracts," Goldberg said. "This settlement marks the conclusion of a successful and crucial investigation." In addition to the $950,000 payment, the company also agreed to absorb all of its expenses, including legal and accounting costs incurred in conducting its internal investigation, taking corrective actions and settling this case. The settlement resolves any potential claims by the United States against General Electric under the False Claims Act and for fraud. General Electric is headquartered in Fairfield, Connecticut. The employee who notified General Electric's upper level management of the false representations also filed suit under the qui tam provisions of the False Claims Act, which permits individuals to file suit on the behalf of the United States and receive a portion of the government's recovery. The settlement was handled jointly by the U.S. Attorney's office in Cincinnati and the Department's Civil Division. ##### 97-012