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TWO DEFENSE FIRMS PAY U.S.\$500,000 TO SETTLE CIVIL DISPUTE

WASHINGTON, D.C. -- Two defense contractors will pay the United States \$500,000 to settle allegations that they defrauded the government by not properly testing certain components of torpedoes as required under a military contract and using non-conforming fasteners under several other Department of Defense contracts, the Department of Justice announced today.

Assistant Attorney General Frank W. Hunger, in charge of the Civil Division, said the settlement with Hughes Aircraft Company and Hughes Aircraft Mississippi Inc. resulted from two qui tam suits, which are complaints private parties can file on behalf of the federal government.

"This recovery shows how effective the law is in encouraging citizens to produce evidence of potential fraud against the United States," Hunger said. "We encourage all citizens to contact federal officials if they detect what may be fraud against the government."

An investigation by the Defense Criminal Investigative Service and the Naval Criminal Investigative Service revealed that Hughes failed to properly test certain electronic components of Advanced Capacity Mark 48 torpedoes sold to the United States Navy. It also concluded that Hughes used flawed fasteners such as stainless steel screws that failed to meet specifications contained in several other military contracts.

Mark 48 torpedoes, which are used by nearly all modern submarines, are the primary line of defense for submarine warfare. The torpedoes are used for submarine to surface strikes, but their primary mission is to attack other submarines under water.

The settlement resolves the relators' claims relating to two of several issues the relators raised and in which the United States intervened. It also resolves Hughes' potential civil liability for the use of allegedly non-conforming fasteners under the other military contracts.

The relators, who were former employees of Hughes, jointly will receive 20 percent of the total settlement amount, or a total of \$100,000.

The Civil Division negotiated the settlement of the case, United States ex rel. Laird A. Willis v. Hughes Aircraft Co., et al., Civ. Action No. 3:93-cv-693BN (S.D. Miss) and United States ex rel. Danny G. McDonald v. Hughes Aircraft Co., et al., Civ. Action No. 3:94-cv-4455LN (S.D. Miss.). The case was filed in U.S. District Court in Jackson, Mississippi.

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