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MISSISSIPPI SHIPBUILDING COMPANY AGREES TO PAY \$2.25 MILLION
TO SETTLE CLAIMS THAT IT OVERBILLED THE NAVY

WASHINGTON, D.C. A Pascagoula, Miss., shipbuilding company has agreed to pay \$2.25 million to settle claims that it improperly charged costs to Navy shipbuilding contracts that should have been charged to its commercial contracts with the government of Israel, the Department of Justice and the U.S. Attorney's Office in Biloxi, Miss., announced today.

Assistant Attorney General Frank W. Hunger and U.S. Attorney in Jackson, Miss., Brad Pigott said the payment settles charges contained in a civil lawsuit against Ingalls Shipbuilding. The lawsuit, filed on March 3, 1995, and unsealed Friday, was brought by Ronald Maze, a former manager at Ingalls, under a federal law that allows private individuals to sue on behalf of the government and share in any recovery.

The complaint alleged that Ingalls fraudulently exploited an accounting practice in order to shift certain costs to Navy contracts. Those costs, which were incurred building SA'AR 5 Corvette ships for the government of Israel, should have been charged to its commercial contracts. Hunger said the government's investigation found that Ingalls shifted the costs to try to minimize serious cost overruns on the Israeli contracts. The complaint also alleged that Ingalls improperly billed the government for work not performed.

The government joined the lawsuit on November 5 and then dismissed it in accordance with the settlement. As part of the agreement, the government will pay Maze \$405,000 for bringing the action.

The suit was brought under the False Claims Act, which provides for recovery of treble the amount of damages suffered by the government and penalties for each false claim submitted.

Under the Act, relators or "whistle blowers" may receive between 15 and 25 percent of money recovered by the government.

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