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BOEING TO PAY UNITED STATES \$1 MILLION TO SETTLE DISPUTE OVER KC-135 REFITTING

WICHITA, KAN. – The Boeing Company has agreed to pay the United States more than \$1 million to settle allegations that it improperly billed for materials used to install new engines in KC-135 aircraft.

“Our investigation focused on requests for payment that Boeing made in 1998 through 2003 for materials used in modernizing KC-135 and RC-135 aircraft,” said U.S. Attorney Eric Melgren. “As a result of that investigation, the government alleged that Boeing double billed for materials.”

The investigation involved charges for “panstock,” which includes nuts, bolts, rivets and fasteners used in the re-engining process. The government alleged that panstock charges were included in the contract, and that it was being doubled billed when Boeing charged separately for the materials.

Boeing alleged that the transfer of the costs was allowed under the contract and that the charges were not improper.

Under the settlement agreement, Boeing will pay \$1,093,236, which represents a refund of the charges at issue plus interest.

“Protecting the government from fraud and abuse and ensuring accountability in the way federal tax dollars are spent is important,” Melgren said.

The case was handled by the U.S. Attorney’s Office for the District of Kansas. Melgren commended the Defense Criminal Investigative Service (DCIS) and Assistant U.S. Attorney Laurie Kahrs for their work on the case.

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