



# Department of Justice

FOR IMMEDIATE RELEASE CIV

WEDNESDAY, JUNE 23, 2010 (202) 514-2007

WWW.JUSTICE.GOV TDD (202) 514-1888

## **NORTHROP GRUMMAN AGREES TO PAY \$12.5 MILLION TO SETTLE**

### **CIVIL FALSE CLAIMS ACT CASE**

WASHINGTON – Northrop Grumman Systems Corporation has agreed to pay the United States \$12.5 million to settle allegations that it knowingly submitted false claims to a number of government agencies in connection with electronic parts the company supplied for use in the manufacture of navigation systems for military airplanes, helicopters, submarines and certain equipment used in space, the Justice Department announced today.

The United States alleged that Northrop's Navigation Systems Division, located in Woodland Hills, Calif., failed to test certain commercial-grade electronic components to ensure that they would function at the extreme temperatures required for military and space uses. The agencies affected by Northrop's alleged misconduct include the Navy, Army, Air Force, Defense Logistics Agency, the National Aeronautics and Space Administration (NASA), the Coast Guard and the Forest Service.

"Companies that do business with the government must comply with all of their obligations," said Tony West, Assistant Attorney General for the Civil Division of the Department of Justice. "The Justice Department will hold responsible those who fail to properly test the parts supplied to our men and women in uniform and others in public service."

The agreement resolves claims made in a *qui tam* or whistleblower lawsuit filed in May 2006 against Northrop in the U.S. District Court for the Central District of California by Allen Davis. Davis, who was employed as a quality assurance manager at Northrop's Navigation Systems Division facility in Salt Lake City, alleged that Northrop failed to comply with testing requirements set forth in a November 1998 protocol for the use of commercial parts in military systems. The United States alleged that the failures to test continued from November 1998 until the February 2007. Davis' share of the settlement amounts to \$2,375,000.

This case was handled jointly by the Justice Department's Civil Division and the U.S. Attorney's Office in Los Angeles, with assistance from the Defense Criminal Investigative Service, the

Naval Criminal Investigative Service, the Army Criminal Investigative Division, the Air Force Office of Special Investigations, the NASA Office of the Inspector General, and the Defense Contract Audit Agency, Regional Investigative Services Division.

This case was investigated as part of a National Procurement Fraud Initiative. In October 2006, the Deputy Attorney General announced the formation of a National Procurement Fraud Task Force designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in government contracting activity for national security and other government programs. The Procurement Fraud Task Force is chaired by the Assistant Attorney General for the Criminal Division and includes the Civil Division, the U.S. Attorneys' Offices, the FBI, the U.S. Inspectors General community and a number of other federal law enforcement agencies. This case, as well as others brought by members of the task force, demonstrate the Justice Department's commitment to helping ensure the integrity of the government procurement process.

###

10-731

DO NOT REPLY TO THIS MESSAGE. IF YOU HAVE QUESTIONS, PLEASE USE THE CONTACTS IN THE MESSAGE OR CALL THE OFFICE OF PUBLIC AFFAIRS AT 202-514-2007.