

JUSTICE NEWS

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Boeing Pays \$23 Million to Resolve False Claims Act Allegations

The Boeing Company paid \$23 million to resolve allegations that it submitted false claims for labor charges on maintenance contracts with the U.S. Air Force for the C-17 Globemaster aircraft, the Justice Department announced today. Boeing, an aerospace and defense industry giant, is headquartered in Chicago.

"Today's settlement demonstrates that the Justice Department vigilantly ensures that companies meet their contractual obligations and charge the government appropriately," said Acting Assistant Attorney General Joyce R. Branda for the Justice Department's Civil Division. "Government contractors who seek illegal profit at the expense of taxpayers will face serious consequences."

The government alleged that Boeing improperly charged labor costs under contracts with the Air Force for the maintenance and repair of C-17 Globemaster aircraft at Boeing's Aerospace Support Center in San Antonio, Texas. The C-17 Globemaster aircraft, which is both manufactured and maintained by Boeing, is one of the military's major systems for transporting troops and cargo throughout the world. The government alleged that the company knowingly and improperly billed a variety of labor costs in violation of applicable contract requirements, including for time its mechanics spent at meetings not directly related to the contracts.

"Defense contractors are required to obey strict accounting standards when submitting billing for work performed on government contracts," said U.S. Attorney Robert Pitman for the Western District of Texas. "The pursuit and favorable settlement of this civil litigation was the result of effective teamwork between the Justice Department and the investigative agencies."

The settlement resolves allegations originally brought in a lawsuit by present and former Boeing employees Clinton Craddock, Fred Van Shoubrouek, Anthony Rico and Fernando de la Garza in federal court in San Antonio under the False Claims Act. The act permits private parties to sue for false claims on behalf of the United States and to share in any recovery. The individuals who filed the suit will receive \$3,910,000 as their share of the settlement.

The settlement was the result of a coordinated effort by the Civil Division, the U.S. Attorney's Office for the Western District of Texas, the Defense Criminal Investigative Service, the Air Force Office of Special Investigations, the Defense Contract Audit Agency and the Defense Contract Management Agency.

The case is *United States ex rel. Craddock v. Boeing*, Case No. SA-07-CA-0880FB (W.D. Tex.). The claims resolved by the settlement are allegations only; there has been no determination of liability.

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Civil Division