FOR IMMEDIATE RELEASE

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General Electric Aviation Systems to Pay U.S. $6.58 Million to Resolve False Claims Act Allegations

General Electric Aviation Systems (GEAS) has agreed to pay $6.58 million to settle allegations that it submitted false claims in connection with multiple Department of Defense contracts, the Justice Department announced today. GEAS, headquartered in Ohio, manufactures and sells integrated systems and components for commercial, corporate, military and marine aircraft.

“This case demonstrates the Department of Justice’s commitment to ensure that our military receives quality products to perform the important mission of protecting and defending our country,” said Stuart F. Delery, Acting Assistant Attorney General for the Civil Division. “The department will aggressively pursue those who put that mission at risk.”

GEAS contracted to manufacture and deliver to the Navy external fuel tanks (EFTs) for use on the F/A-18 Hornet strike fighter jet. GEAS manufactured the EFTs at its plant in Santa Ana, California. In March 2008, a GEAS-manufactured EFT failed government testing, which led to a multi-year investigation by the local California offices of the Defense Contract Management Agency, the Defense Contract Audit Agency, the Defense Criminal Investigative Service and the Navy Criminal Investigative Service. As a result of that investigation, the United States alleged that GEAS knowingly failed to comply with contract specifications and failed to undertake proper quality control procedures in connection with 641 EFTs it delivered to the Navy between June 2005 and February 2008.

In addition, the settlement resolves allegations that, between June 2010 and June 2011, GEAS knew that it falsely represented to another government contractor that GEAS had performed a complete inspection of 228 drag beams to be used on Army UH-60 Blackhawk helicopters, and that those 228 drag beams conformed to all contract specifications.

“Defense contractors agree to provide the government with a quality product, and in doing so, they promise to follow strict manufacturing and testing protocols to ensure that our military receives only the best equipment,” said André Birotte Jr., U.S. Attorney for the Central District of California. “In this case, some of the hardware sold to the government did not meet quality-control standards, and that failure could have put our service members at risk. This multimillion dollar settlement is designed to ensure that General Electric Aviation Systems does not engage in this type of misconduct in the future, and this case should serve as a warning to any government contractor who thinks it can cut corners.”

Carter Stewart, U.S. Attorney for the Southern District of Ohio, added, “We are determined to protect the integrity of the system that provides goods and services to the men and women who serve in the armed forces. The False Claims Act is an effective and powerful tool to help us carry out our mission.”

Allegations about GEAS’s misconduct at the Santa Ana facility were included in a lawsuit filed by former GEAS Santa Ana employee Jeffrey Adler under the qui tam or whistleblower provisions of the False Claims Act, which permit private individuals called “relators” to bring lawsuits for false claims on behalf of the United States, and to receive a portion of the proceeds of any settlement or judgment. Mr. Adler’s share of the settlement has not yet been determined.

This settlement was the result of a coordinated effort by the Department of Justice, Civil Division, Commercial Litigation Branch; the U.S. Attorney’s Office for the Central District of California; the U.S. Attorney’s Office for the Southern District of Ohio; the Defense Contract Management Agency; the Defense Contract Audit Agency; the Defense Criminal Investigative Service; and the Navy Criminal Investigative Service in investigating and resolving the allegations.

The qui tam lawsuit, filed in the U.S. District Court for the Southern District of Ohio, is captioned United States ex rel. Adler v. General Electric Aviation Services (1-CV-00313). The claims resolved by the settlement are allegations only and do not constitute a determination of liability.