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General Electric Hitachi Nuclear Energy Americas Agrees to Pay $2.7 Million for Alleged False Claims Related to Design of Advanced Nuclear Reactor

The Justice Department announced today that General Electric Hitachi Nuclear Energy Americas LLC (GE Hitachi) has agreed to pay $2.7 million to resolve allegations under the False Claims Act that it made false statements and claims to the Department of Energy and the Nuclear Regulatory Commission (NRC) concerning an advanced nuclear reactor design. GE Hitachi, a provider of nuclear energy products and services headquartered in Wilmington, N.C., is a subsidiary of General Electric Company (GE) that is also partially owned by Hitachi Ltd., a multinational engineering and manufacturing firm headquartered in Tokyo, Japan. GE is headquartered in Fairfield, Conn.

“Transparency and honesty are absolutely critical when dealing with issues relating to the design of a nuclear reactor,” said Assistant Attorney General for the Justice Department’s Civil Division Stuart F. Delery. “The Department of Justice will protect federal funds and the Nuclear Regulatory Commission’s crucial mandate of ensuring public safety.”

“Fraud involving government contracts will be zealously pursued in North Carolina,” said U.S. Attorney for the Eastern District of North Carolina Thomas G. Walker. “We encourage our citizens to report fraud related to government contracts and our federal programs.”

GE Hitachi allegedly made false statements to the NRC and Department of Energy about a component of the advanced nuclear Economic Simplified Boiling-Water Reactor (ESBWR) known as the steam dryer. A steam dryer removes liquid water droplets from steam produced by the nuclear reaction that generates electricity in boiling-water type reactors. The NRC requires that applicants for nuclear reactor design certification, such as GE Hitachi, demonstrate that vibrations caused by the steam dryer will not result in damage to a nuclear plant. The government alleged that GE Hitachi concealed known flaws in its steam dryer analysis and falsely represented that it had properly analyzed the steam dryer in accordance with applicable standards and had verified the accuracy of its modeling using reliable data.

Between 2007 and 2012, GE Hitachi received funding from the Department of Energy to cover up to half of the cost of developing, engineering and obtaining design certification for the advanced nuclear ESBWR. The NRC, which regulates the civilian use of nuclear power in the U.S., is responsible for determining whether to approve GE Hitachi’s application for the reactor design certification. The NRC is still reviewing the application and has not reached a final decision on the certification.

“The Nuclear Regulatory Commission supports the settlement and appreciates the Department of Justice’s close coordination during its investigation of these allegations,” said Director of NRC’s Office of New Reactors Glenn Tracy. “The NRC continues to rigorously review the ESBWR application in order to reach a final design certification decision, ensure compliance with NRC regulations and protect public health and safety.”

The allegations resolved by this settlement arose from a whistleblower lawsuit filed under the False Claims Act by LeRay Dandy, a former employee of GE Hitachi. Under the False Claims Act, private citizens can sue on behalf of the government and share in any recovery. Dandy’s share of the settlement has not been determined.

This case was handled by the Department of Justice Civil Division, Commercial Litigation Branch; the U.S. Attorney’s Office for the Eastern District of North Carolina and the Offices of Inspector General for the Nuclear Regulatory Commission and the Department of Energy.

The lawsuit is captioned United States ex rel. Dandy v. General Electric Hitachi Nuclear Energy Americas LLC, General Electric Company, 7:12-cv-009 (E.D.N.C.). The claims resolved by the settlement are allegations only, and there has been no determination of liability.