Lockheed Martin Agrees To Pay $2 Million To Settle Allegations That It Overbilled The Government

FOR IMMEDIATE RELEASE March 27, 2015

ATLANTA – Lockheed Martin Corporation (“Lockheed”) has agreed to pay $2 million to settle allegations that it overbilled the government for fuel it used while manufacturing C-130 aircraft for the United States Air Force.

“The resources of the United States Government are limited and must be protected. We expect companies doing business with the United States to be circumspect and forthright in billing the United States and using its resources,” said Acting U.S. Attorney John Horn. “Here, in causing the government to pay for fuel that was the company’s financial responsibility, Lockheed failed to live up to the terms of the contracts and caused financial injury to the government. The settlement reflects our resolve to ensure that companies that overbill or overcharge the Government will be identified and held responsible for their actions.”

“This settlement illustrates the diligent work exhibited by a joint Air Force Office of Special Investigations and DCIS investigative team, that sifted through and unwound dense and complicated data to reveal the overcharges,” said Lloyd Clark, Assistant Special Agent in Charge, AFOSI Procurement Fraud Detachment Five.

“This settlement is the culmination of the tireless investigative efforts of DCIS agents working closely with our Air Force OSI partners,” said John F. Khin, Special Agent in Charge, Southeast Field Office. Combating waste and abuse in Department of Defense contracts to protect the integrity of our national defense programs, remains a top priority for the Defense Criminal Investigative Service.”

Between 2006 and 2013, Lockheed manufactured C-130s for the U.S. Air Force at its Marietta facility. Pursuant to the underlying contracts, the Government provided Lockheed with up to 22,000 gallons of fuel (characterized as government furnished property or “GFP”) per aircraft, which could be used for the engine runs, fuel operations and test flights necessary to manufacture C-130s. Once Lockheed exhausted its 22,000 gallon allotment on a particular aircraft, Lockheed, not the Government, was financially responsible for any additional fuel.

However, the Government’s investigation indicated that between 2006 and 2013, Lockheed routinely used fuel in excess of the 22,000 gallons, but failed to reimburse the government for the excess. Additionally, the evidence suggests that Lockheed used the fuel on other unrelated projects, where the government was either not a party, or had not agreed to furnish fuel.

This matter was investigated by the United States Air Force Office of Special Investigations, the Defense Criminal Investigative Service, and Defense Contract Audit Agency.

Assistant United States Attorney Paris A. Wynn handled this matter.

For further information please contact the U.S. Attorney’s Public Affairs Office at USAGAN PressEmails@usdoj.gov or (404) 581-6016. The Internet address for the home page for the U.S. Attorney’s Office for the Northern District of Georgia Atlanta Division is http://www.justice.gov/usao/gan/.

Return to Top