

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, October 14, 2015

Boeing Pays \$18 Million to Settle False Claims Act Allegations

The Boeing Company has paid the United States \$18 million to settle allegations that the company 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.

“Defense contractors are required to obey the rules when billing for work performed on government contracts,” said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department’s Civil Division. “Today’s settlement demonstrates that the Justice Department will ensure that government contractors meet their obligations and charge the government appropriately.”

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 Long Beach Depot Center in Long Beach, California. 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 charged the United States for time its mechanics spent on extended breaks and lunch hours, and not on maintenance and repair work properly chargeable to the contracts.

The allegations resolved by the settlement announced today were originally brought by former Boeing employee James Thomas Webb under the *qui tam*, or whistleblower, provisions of the False Claims Act. The act permits private individuals to sue on behalf of the government those who falsely claim federal funds, and to share in the recovery. Mr. Webb’s share of the settlement has not yet been determined.

The case was handled by the Civil Division’s Commercial Litigation Branch, the Defense Criminal Investigative Service, the Air Force Office of Special Investigations, the Defense Contract Audit Agency and the Defense Contract Management Agency.

The False Claims Act lawsuit is captioned *United States ex rel. Webb v. The Boeing Company*, CV13-000694 (C.D. Cal.). The claims resolved by today’s civil settlement are allegations only; there has been no determination of liability.

15-1271

Civil Division

Updated October 14, 2015