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Department of Justice

U.S. Attorney's Office

Eastern District of California

FOR IMMEDIATE RELEASE

Wednesday, February 15, 2017

## **Sierra Nevada Corporation Pays \$14.9m to Settle Allegations of Improper Contract Billings**

SACRAMENTO, Calif. — Sierra Nevada Corporation (SNC) has paid \$14.9 million to resolve allegations that it violated the federal False Claims Act when it knowingly misclassified certain costs, resulting in inflated overhead rates paid to SNC pursuant to various government contracts, U.S. Attorney Phillip A. Talbert announced.

SNC is a Nevada corporation that provides services to agencies of the United States pursuant to various defense and space contracts. The improper charges resolved here resulted from SNC misclassifying certain direct contract costs and Manufacturing and Production Engineering costs as Independent Research and Development (IR&D) costs, and charging certain IR&D costs in the wrong cost accounting period. This improper characterization of costs artificially inflated General & Administrative overhead rates paid to SNC across its federal contracts and resulted in overcharging federal agencies. The government relies on contractors to accurately classify both the nature and timing of contract costs in order to properly calculate overhead rates and appropriately pay for work on government programs.

“This settlement illustrates our commitment to protect the integrity of federal procurement contracting,” said U.S. Attorney Phillip A. Talbert. “We will hold federal contractors to the highest standards of accuracy to ensure that federal agencies are not overcharged for products and services.”

“The integrity of our procurement systems is required by the American public, who demand that tax dollars are used responsibly,” said Chris Hendrickson, Special Agent in Charge, Defense Criminal Investigative Service (DCIS), Western Field Office. “DCIS and our law enforcement partners are committed to protecting precious resources needed to support our soldiers, sailors, airmen and Marines.”

This case was handled by Assistant U.S. Attorney Catherine J. Swann, with assistance from the Defense Contract Management Agency, the Defense Contract Audit Agency, the National Aeronautics and Space Administration, and DCIS. The claims settled by this agreement are allegations only, and there has been no determination of liability.

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