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U.S. Attorney's Office

Northern District of California

FOR IMMEDIATE RELEASE

Friday, January 19, 2018

Lockheed Martin Agrees To Pay \$4.4 Million To Resolve Claims It Provided Faulty Equipment To The Coast Guard

SAN FRANCISCO - Defense contractor Lockheed Martin Corporation has agreed to a settlement valued at \$4.4 million to resolve allegations that it violated the civil False Claims Act by providing defective communications systems for the United States Coast Guard's National Security Cutters, announced Acting United States Attorney Alex G. Tse and Department of Homeland Security Office of the Inspector General Special Agent in Charge of the San Diego Field Office Amanda Thandi.

Lockheed, headquartered in Maryland, provided communications systems for the Coast Guard's National Security Cutters. The United States alleges that the Radio Frequency Distribution System (RFDS) Lockheed provided fails to meet the requirement of transmitting and receiving several different radio signals at the same time without undue interference (known as simultaneous operations). The Coast Guard has taken delivery of the first six Cutters and three additional Cutters are under construction. All nine Cutters have versions of the same RFDS. To settle the allegations, Lockheed has agreed to pay \$2.2 million, and to provide the Coast Guard with repairs to the RFDS on the nine Cutters at no charge. The repairs are valued at \$2.2 million.

"This office remains committed to fighting fraud and false claims against the federal government," said Acting U.S. Attorney Tse. "It is essential that the communications systems on the Coast Guard's National

Security Cutters work properly. I am pleased that Lockheed has agreed to repair the systems so that they fully function to support the Coast Guard's important mission."

The settlement, unsealed today, resolves a whistleblower lawsuit filed in the United States District Court for the Northern District of California. An engineer who formerly worked for Lockheed filed the case pursuant to the qui tam provisions of the False Claims Act. Under those provisions, private citizens, known as "relators," may file lawsuits on behalf of the United States and receive a portion of the proceeds of a settlement or judgment. In this case, the relator will receive \$990,000 as his share of the government's recovery from Lockheed.

Assistant U.S. Attorney Sara Winslow is handling the case with the assistance of Kathy Terry. The settlement is the result of an investigation by the Department of Homeland Security Office of Inspector General and the U.S. Coast Guard Investigative Service. Technical aspects of the settlement were made possible by the verification and coordination of United States Navy engineers, led by the Principal Engineer from the Coast Guard.

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