



**Department of Justice**

Office of Public Affairs

FOR IMMEDIATE RELEASE

Tuesday, January 12, 2021

**Insitu Inc. to Pay \$25 Million to Settle False Claims Act Case Alleging Knowing Overcharges on Unmanned Aerial Vehicle Contracts**

Insitu Inc., headquartered in Bingen, Washington, has agreed to pay \$25 million to settle allegations that it violated the False Claims Act by knowingly submitting materially false cost and pricing data for contracts with the U.S. Special Operations Command (SOCOM) and the Department of the Navy (Navy) to supply and operate Unmanned Aerial Vehicles (UAVs), the Department of Justice announced today.

“We expect companies that seek to do business with the government to provide complete and accurate information so contract prices can be negotiated on a level playing field,” said Acting Assistant Attorney General of the Justice Department’s Civil Division Jeffrey Bossert Clark. “This settlement demonstrates the Justice Department’s commitment to take appropriate action when it determines that taxpayer dollars have been misused.”

“Taxpayers deserve to get what they paid for – especially in significant no-bid military contracts,” said U.S. Attorney Brian T. Moran for the Western District of Washington. “Cases such as this one should be seen as a warning to defense contractors that false claims have no place in military purchasing.”

“The Naval Criminal Investigative Service is dedicated to protecting the taxpayer’s interests and safeguarding critical services for the war fighter,” stated Charles P. King, Special Agent in Charge, NCIS Northwest Field Office. “The success of the Department of the Navy’s war fighting ability is dependent upon a sound, transparent and honest acquisition process. I want to thank the Department of Justice and our law enforcement partners for their incredible support and dedication during this investigation.”

“Defense contractors are required to obey strict standards when proposing cost and pricing data for work to be performed on government contracts,” said Bryan D. Denny, Special Agent in Charge of the Defense Criminal Investigative Service, Western Field Office. “The pursuit and favorable settlement of this civil litigation is yet another example of our agents and law enforcement partners working together to uncover fraudulent activity and protect taxpayers' dollars entrusted to the DoD.”

Between Jan. 1, 2009 and Dec. 31, 2017, Insitu entered into five contracts with the Navy and two contracts with SOCOM for the supply and operation of UAVs, also known as “drones,” at various sites identified in the contracts. The settlement resolves allegations that Insitu knowingly induced the government to award it these seven, noncompetitively bid contracts at inflated prices by proposing cost and pricing data for new parts and materials in support of its contract proposal while planning to and in fact using less expensive recycled, refurbished, reconditioned, and/or reconfigured parts to perform the contracts.

The settlements resolve allegations filed in a lawsuit by D R O’Hara, a former executive of Insitu, in federal court in Seattle, Washington. The lawsuit was filed under the *qui tam*, or whistleblower, provisions of the False Claims Act, which permit private individuals to sue on behalf of the government for false claims and to share in any recovery. The act also allows the government to intervene and take over the action, as it did in this case. O’Hara will receive \$4,625,000 of the recovered funds.

The settlements were the result of a coordinated effort by the Commercial Litigation Branch (Fraud Section) of the Civil Division of the Department of Justice, the U.S. Attorney's Office for the Western District of Washington, the Naval Criminal Investigative Service, the Defense Contract Audit Agency, and the Defense Criminal Investigative Service.

The case is captioned *United States ex rel. O'Hara v. Insitu, Inc. and The Boeing Company*, Case No. C15-1527-JCC (W.D.Wash.). The claims resolved by the settlements are allegations only and there has been no determination of liability.

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**Attachment(s):**

[Download Insitu Settlement.pdf](#)

**Topic(s):**

False Claims Act

**Component(s):**

[Civil Division](#)

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