

THE UNITED STATES ATTORNEY'S OFFICE
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Department of Justice

U.S. Attorney's Office

Southern District of Illinois

FOR IMMEDIATE RELEASE

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AAR Corp. Settles False Claims Act Investigation For \$11 Million

WASHINGTON – AAR Corp., located in Wood Dale, Illinois, and its subsidiary, AAR Airlift Group Inc. (Airlift), located in Melbourne, Florida, have agreed to pay the United States

\$11,088,000 to resolve allegations that they violated the False Claims Act in connection with aircraft maintenance services performed by Airlift on two United States Transportation Command (USTRANSCOM) contracts.

The allegations involve helicopters that Airlift owned and maintained for use in transporting Department of Defense (DoD) cargo and personnel in support of DoD missions in Afghanistan and Africa. The settlement resolves allegations that Airlift knowingly failed to maintain nine aircraft in accordance with contract requirements, and that because of this failure, the helicopters were not airworthy and should not have been certified by Airlift as “fully mission capable.”

AAR and Airlift have also agreed to pay \$429,273.69 to resolve a separate Federal Aviation Administration (FAA) matter citing certain deficiencies in Airlift’s helicopter maintenance.

“The knowing failure to comply with contractual obligations is unacceptable, particularly when such violations raise safety concerns” said Acting Assistant Attorney General Brian M. Boynton for the Justice Department’s Civil Division. “Today’s settlement reaffirms that the government will hold contractors to the quality and safety standards in their contracts that are intended to protect our men and women in uniform.”

“Defense contracting is a special trust because it supports the service members who protect our nation’s interests around the world. Whenever a military contractor cuts corners, it presents not only a possible fraud against taxpayers but also a potential safety hazard to our service members,” said Steven D. Weinhoeft, U.S. Attorney for the Southern District of Illinois. “The settlement announced today addresses both of those concerns. I am especially grateful to my staff, the many dedicated agents who worked on this matter, and the witnesses who came forward.”

“Our military is entitled to rely on high level contractor performance when it procures essential services like those at issue here,” said Acting U.S. Attorney Karin Hoppmann for the

Middle District of Florida. “We are grateful for the diligent and collaborative work put into this investigation by the Southern District of Illinois, the Department of Justice Civil Frauds Section, and all of the investigative agencies who supported these cases.

“Failure to properly maintain aircraft is unacceptable under any circumstances, but it’s especially egregious in a war zone, where the lives of America’s warfighters are on the line,” said John F. Sopko, Special Inspector General for Afghanistan Reconstruction. “I’m proud of the work of SIGAR’s special agents – in Afghanistan and the United States – whose collaboration brought this case to a successful conclusion.”

“The Department of the Air Force Office of Special Investigations (OSI) commends the complainant for coming forward, which allowed us and our joint investigative partners to vigorously protect the DoD’s procurement process, preserve the military’s ability to carry out its warfighting mission and ensured the wrongdoers were held accountable,” said Special Agent in Charge Nicholas J. Groesbeck of the OSI Procurement Fraud Detachment 4, Wright-Patterson AFB, OH.

“This case demonstrates the commitment of the Defense Criminal Investigative Service (DCIS), along with our partner agencies, to aggressively go after those who disregard and ignore critical safety and contractual specifications on Department of Defense contracts,” said Acting Special Agent in Charge Gregory P. Shilling of the DCIS Southwest Field Office. “Today’s resolution highlights the culmination of investigative efforts to hold those who supply the Department of Defense accountable for their product and actions.”

“It is unacceptable that anyone would bypass contractual agreements and most importantly safety guidelines meant to ensure the wellbeing of our American service men and women,” said Christopher Grey, spokesperson for the U.S. Army Criminal Investigation Command (CID). “We will continue to aggressively investigate allegations such as this and work closely with our law enforcement partners to bring a successful resolution.”

“The failure to perform critical maintenance to Department of Defense aircraft poses a grave and unnecessary threat to our nation’s military readiness,” said Special Agent in Charge Michael DeFamio of the Naval Criminal Investigative Service (NCIS) Central Field Office. “NCIS and our federal law enforcement partners remain committed to fully investigating any and all allegations of contract fraud that compromises the safety of our service members and wastes American taxpayer money.”

“Those certified to perform critical safety aircraft inspections and maintenance work are expected to adhere to aviation regulations in order to ensure that safety is not compromised,” said Special Agent-in-Charge Todd Damiani of the U.S. Department of Transportation Office of Inspector General, Southern Region. “The settlement reached today clearly demonstrates that we will vigorously pursue those who choose profits over the quality and integrity of the work they are contracted to perform.”

“Improperly maintaining aircraft creates a safety risk that we absolutely will not tolerate,” said FAA Administrator Steve Dickson. “Today’s agreement makes clear that disregard for maintenance requirements is unacceptable.”

The civil settlement includes the resolution of claims brought under the qui tam or whistleblower provisions of the False Claims Act by Christopher Harvey, a former Airlift employee. The act permits private parties to sue for false claims on behalf of the United States and to share in any recovery. The qui tam case is captioned U.S. ex rel. Harvey v. AAR Corp., et al., No. 3:15-cv-00390 (S.D. Ill.). Mr. Harvey will receive \$2,162,160 of the False Claims Act settlement.

The resolution obtained in this matter was the result of a coordinated effort between the Civil Division's Commercial Litigation Branch, Fraud Section, the U.S. Attorney's Office for the Southern District of Illinois, and the U.S. Attorney's Office for the Middle District of Florida, with assistance from USTRANSCOM, the FAA, Air Force OSI, DCIS, NCIS, Army CID, Department of Transportation Office of the Inspector General, the Defense Contract Audit Agency (DCAA), and SIGAR.

The case was investigated by Trial Attorney Elspeth A. England and Assistant U.S. Attorneys Nathan D. Stump and Laura J. Barke of the Southern District of Illinois and Randy Harwell of the Middle District of Florida.

The claims resolved by the settlement are allegations only and there has been no determination of liability.

Component(s):

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