



Department of Justice

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FOR IMMEDIATE RELEASE

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Government Contractor Agrees to Pay More Than \$1 Million to Resolve False Claims Act Lawsuit for Overbilling in Federal Contracts

Airbus U.S. Space & Defense Inc., formerly known as Airbus Defense and Space Inc. (ADSI), has agreed to pay to the United States \$1,043,475 to resolve allegations that it violated the False Claims Act by billing impermissible fees in contracts with a number of federal agencies.

“Government contractors have a responsibility to bill the government both accurately and transparently,” said Acting Assistant Attorney General Brian M. Boynton of the Justice Department’s Civil Division. “Companies that knowingly inflate their costs or otherwise improperly bill the government will be held accountable.”

“This settlement underscores the important role that whistleblowers continue to serve in protecting critical taxpayer resources,” said Acting U.S. Attorney Raj Parekh for the Eastern District of Virginia. “We encourage individuals who uncover suspected misconduct regarding federal contracts to come forward and report their observations.”

“Government contractors who deliberately inflate profits at the expense of our military and taxpayer will be held accountable,” said Special Agent in Charge Christopher Dillard of the Mid-Atlantic Field Office for the Department of Defense Office of Inspector General, Defense Criminal Investigative Service (DCIS). “This civil settlement reflects DCIS’ commitment to work with our law enforcement partners to tenaciously investigate those alleged to have overcharged the Department of Defense.”

The settlement resolves allegations that from January 2016 through January 2017, ADSI submitted proposals for contracts that included an unapproved cost rate to which ADSI was not entitled. ADSI referred to this as the “Orlando Factor.” The government further alleged that on certain contracts, during 2013 through 2020, ADSI charged federal government agencies an additional fee from its affiliates on top of ADSI’s own fee for parts ADSI acquired from its affiliates, but did not accurately disclose this affiliate fee to the government. Finally, the government alleged that ADSI charged a third-party contractor an excessive monthly storage fee to store a radar system purchased to support a contract with the U.S. Navy. The contractor passed along the full storage fees charged by ADSI to the U.S. Navy. However, ADSI did not disclose that they paid only a portion of those storage fees to store the radar system.

The civil settlement includes the resolution of claims brought under the *qui tam* or whistleblower provisions of the False Claims Act by a former ADSI employee. The False Claims 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. Kmec v. Airbus Defense and Space, Inc., et al.*, No. 1:19-cv-660 (E.D. Va.). The former ADSI employee will receive \$157,220 of the False Claims Act settlement.

The settlement was the result of a coordinated effort between the Civil Division’s Commercial Litigation Branch (Fraud Section) and the U.S. Attorney’s Office for the Eastern District of Virginia, with investigative support from the DCIS and the U.S. Army Criminal Investigation Division.

The matter was handled by Trial Attorney Richard Hagner of the Civil Division and Assistant U.S. Attorney Krista Anderson of the Eastern District of Virginia.

Related court documents and information from the civil lawsuit can be accessed on [PACER](#) by searching for Case No. 1:19-cv-660 (E.D. Va.).

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

Attachment(s):

[Download Airbus Settlement Agreement.pdf](#)

Topic(s):

False Claims Act

Component(s):

[Civil Division](#)

[USAO - Virginia, Eastern](#)

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