



Department of Justice

United States Attorney Drew H. Wrigley
District of North Dakota

FOR IMMEDIATE RELEASE

December 18, 2007

<http://www.usdoj.gov/usao/nd/>

CONTACT: JULIE HOUGH

PHONE: (701) 297-7400

FAX: (701) 297-7425

**SIOUX MANUFACTURING CORPORATION PAYS
\$1,935,000 TO SETTLE FALSE CLAIMS ALLEGATIONS**

FARGO - The Department of Justice has announced that the **Sioux Manufacturing Corporation (SMC)**, a tribal corporation wholly-owned by the Spirit Lake Tribe, both of Fort Totten, North Dakota, has agreed to pay \$1,935,000 to settle allegations that it knowingly provided noncompliant woven Kevlar cloth that was used in the manufacturing of military combat helmets.

The allegations arose from a lawsuit filed in the District of North Dakota by two former employees of **SMC** under the False Claims Act, which permits private citizens, known as “relators,” to sue on behalf of the government to recover federal funds that were obtained through false claims. The government’s investigation of the allegations determined that from approximately 1994 to 2006, **SMC** sold finished aramid cloth (Kevlar) to UNICOR, Federal Prison Industries, a government corporation. UNICOR used the Kevlar cloth in the manufacture of Personnel Armor System Ground Troops (PASGT) helmets which it sold to the Defense Logistics Agency. With each delivery of the Kevlar cloth, **SMC** certified to UNICOR that its product met the required military

specifications, one of which dictates a specific number of woven yarns per square inch of finished cloth. The investigation found evidence that, on occasion, **SMC** knowingly delivered cloth that had not been woven to the precise specifications. **SMC** disputes the allegations in the lawsuit.

The Department of Justice extensively coordinated this investigation with the Department of Defense regarding potential troop safety issues. The PASGT helmets containing cloth woven by **SMC** passed all ballistics safety tests conducted pursuant to government contracts and similar tests conducted by the military during this investigation.

In accordance with the False Claims Act, the relators will be paid \$406,350 from the settlement with the balance going to the federal government.

The government's investigation and settlement was coordinated by the United States Attorney's Office for the District of North Dakota, with the assistance of the Civil Division's Commercial Litigation Branch, the Department of Justice Office of the Inspector General, the Defense Criminal Investigative Service, the Army Criminal Investigation Command, and the Air Force Office of Special Investigations.

-end-