



Department of Justice

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Spartan Motors and Subsidiary Agree to Settle Military Kickback Allegations for \$1.7 Million

WASHINGTON - Spartan Motors and its subsidiary, Spartan Chassis, have agreed to pay the United States \$1.7 million to resolve allegations that it paid kickbacks to an employee of Force Protection Inc. to receive the subcontract to provide chassis for armored vehicles for the United States Military, the Justice Department announced today.

The United States contends that Spartan paid approximately \$100,000 to an employee of Force Protection in return for that employee's agreement to have Force Protection purchase truck chassis from Spartan to be used for both the Army's and the Marine Corp's Mine Resistant Ambush Protected (MRAP) vehicles. The settlement resolves Spartan's potential civil liability under the Anti-Kickback statute.

Under the Anti-Kickback statute, a party is civilly liable to the United States for twice the amount of the kickback paid plus up to \$10,000 per incident. Here, the United States contends that Spartan paid kickbacks for the sale of 136 chassis.

"This settlement evidences the United States' determination to combat schemes that undercut the integrity of the military's procurement of necessary products," said Gregory G. Katsas, Assistant Attorney General of the Justice Department's Civil Division.

"We are pleased to have been able to resolve this matter. This is a significant settlement," said Walt Wilkins, U.S. Attorney for the District of South Carolina. "Corporations and individuals alike must act in an honorable, ethical and legal manner when contracting to provide goods and services to the government."

The settlement is the culmination of a joint investigation involving investigators, attorneys and auditors from the U.S. Attorney's Office in Columbia, S.C., and the Justice Department. The

case was investigated by the Department of Defense's Defense Criminal Investigative Service Office of the Defense Inspector General (DCIS), the Army's Criminal Investigation Command's Major Procurement Fraud Unit (Army CID) and the Defense Contract Audit Agency (DCAA).

"The Pentagon's Defense Criminal Investigative Service will aggressively pursue any and all allegations of fraud and abuse perpetrated on the U.S. Department of Defense," said Sharon Woods, DCIS Director. "Our constant focus is in ensuring taxpayer dollars are not wasted or stolen and on protecting America's warfighters."

"This settlement should not go unnoticed by others who do business with the U.S. government and the U.S. Army as we expect all who work shoulder to shoulder with us in the Global War on Terrorism to do so with the upmost accountability and integrity," said Brig. General Rodney Johnson, Commanding General, U.S. Army Criminal Investigation Command.

This case was prosecuted as part of the National Procurement Fraud Initiative. In October 2006, the Deputy Attorney General announced the formation of a National Procurement Fraud Task Force designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in government contracting activity for national security and other government programs. The Procurement Fraud Task Force is chaired by the Assistant Attorney General for the Criminal Division and includes the Civil Division, the U.S. Attorneys' Offices, the FBI, the U.S. Inspectors General community and a number of other federal law enforcement agencies. This case, as well as others brought by members of the task force, demonstrate the Justice Department's commitment to helping ensure the integrity of the government procurement process.

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