



The United States Attorney's Office

## Central District of California

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Release No. 10-099

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### **NORTHROP GRUMMAN AGREES TO PAY \$12.5 MILLION TO SETTLE CIVIL FALSE CLAIMS ACT CASE ALLEGING TEST VIOLATIONS**

*LOS ANGELES* – Northrop Grumman Systems Corporation has paid the United States \$12.5 million to settle allegations that it knowingly submitted false claims to a number of government agencies in connection with electronic parts the company purchased for use in the manufacture of navigation systems for military airplanes, helicopters, submarines and certain equipment used in space.

A “whistleblower” lawsuit alleged that Northrop’s Navigation Systems Division, based in Woodland Hills, California, failed to test certain commercial-grade electronic components that it had purchased for use in the manufacture of navigation systems. The tests were supposed to ensure that the components would function at the extreme temperatures required for military and space uses. The agencies affected by Northrop’s alleged misconduct include the Navy, the Army, the Air Force, the Defense Logistics Agency, the National Aeronautics and Space Administration, the Coast Guard and the Forest Service.

The agreement resolves claims made in a *qui tam* lawsuit filed against Northrop in May 2006 in United States District Court in Los Angeles by Allen Davis, a former quality assurance manager at Northrop’s Navigation Systems Division facility in Salt Lake City. Davis’ lawsuit alleged that Northrop failed to comply with testing requirements set forth in a November 1998 protocol for the use of commercial parts in military systems. Northrop’s alleged failure to conduct the proper tests continued from November 1998 until February 2007. The government investigated Davis’ allegations and elected to intervene in the lawsuit for the purpose of settling it. The United States negotiated the settlement, and, as a result of filing the original lawsuit, Davis will receive \$2,375,000 from the settlement.

Northrop paid the settlement amount last Friday. United States District Judge Otis D. Wright II approved the settlement and finalized the case when he dismissed the lawsuit on Monday.

Northrop agreed to resolve the allegations without an acknowledgment of wrongdoing.

This case was handled jointly by the United States Attorney's Office and the Justice Department's Civil Division. The attorneys who handled the case received considerable assistance from the Defense Criminal Investigative Service, the Naval Criminal Investigative Service, the Army Criminal Investigative Division, the Air Force Office of Special Investigations, the NASA Office of the Inspector General, and the Defense Contract Audit Agency, Regional Investigative Services Division.

This case was investigated as part of a 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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