You may not have noticed, but we went through a period in which we chose not to report allegations of fraud by Federal contractors. They had gotten to be routine and we had become jaded.

Allegations were made; allegations were denied. Lawsuits were filed; lawsuits were settled. You could count on some new story coming out like clockwork. It had gotten passé. It had gotten boring. At least, *we* were bored with typing the *same ol' same ol'* song-and-dance routine—the by-now traditional Kabuki dance of defense attorneys and news reporters.

So we stopped for a while. We stopped reporting on such stories, unless there was something of interest or a larger lesson to be learned.

For instance, we did not report on the most recent allegations involving Northrop Grumman. You know, the ones where a 25-year company veteran alleged that test technicians "were instructed to manually type in 'pass' so [that finding] appear[ed] on [test] results after seeing that the navigation units typically failed the required tests." As a result of the alleged direction to fake test results, Northrop Grumman allegedly supplied faulty LN-100 INS/GPS units to the military. The *qui tam* relator alleged that, by providing such faulty equipment at $60,000 to $100,000 per unit, Northrop Grumman violated the False Claims Act. The relator further alleged that he was demoted and retaliated against, because he complained about the falsified test results.

Ho hum. Just another allegation from another relator.

Which is not to say that the allegations don't have merit. As we've written before, it is foolish to simply dismiss every allegation as lacking merit and coming from disgruntled employees. In this case, we don't know. The validity of the allegations may be determined (at least roughly) based on any settlement the company enters into with the DOJ. The bigger the settlement, the more we can say there was merit to the initial allegations.

Why? Because companies are for-profit businesses. They settle when it makes business sense to settle; otherwise, they lawyer-up and litigate. When you see a double-digit million dollar settlement, you can say (generally) that the company did the cost/benefit/risk analysis and decided to cut its losses.

With that rule of thumb in mind, what do you make of this **DOJ press release** ?

It reported that DRS Technical Services had agreed to a $13.7 million FCA settlement related to allegations that it "knowingly overbilling the government for work performed by DRS personnel who lacked the job qualifications required by the contract." The allegations concerned a couple of T&M type contracts received by DRS and its subsidiaries.

As you know, we've **preached** the risks associated with T&M contracts before. It's no surprise that auditors are looking into employee qualifications to see whether they are being billed at appropriate contractual hourly rates. DRS was willing to settle its case for $13.7 million.

We will have to see what Northrop Grumman does.

And while those two cases were being reported, the DOJ also **announced** that The Boeing Company had agreed to pay $23 million to resolve FCA allegations that the company "knowingly and improperly billed a variety of labor costs in violation of applicable contract requirements, including for time its mechanics spent at meetings not directly related to the

contracts." The DOJ press release reported that "The government alleged that Boeing improperly charged labor costs under contracts with the Air Force for the maintenance and repair of C-17 Globemaster aircraft at Boeing's Aerospace Support Center in San Antonio, Texas."

So in one week we have two FCA settlements to resolve allegations, and another set of FCA allegations that may or may not lead to a settlement.

In the meantime, just another day in the life of government contracting.