

Procurement Fraud Recoveries Substantial for DOJ in FY 2023

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The Department of Justice (DOJ) recently announced that it obtained more than \$2.68 billion in False Claims Act (FCA) settlements and judgments in the fiscal year ending September 23, 2023. Notably, DOJ reports that “procurement fraud” recoveries again comprised one of the largest categories of recoveries for DOJ this past year.

Among the more notable procurement fraud recoveries from fiscal year 2023 that DOJ reports are:

- In one of the largest procurement settlements ever, a large government contractor paid \$377 million to resolve allegations that it improperly billed its government contracts for costs incurred in its non-governmental commercial and international contracts. The government alleged that the contractor improperly allocated to government contracts indirect costs associated with its non-government contracts that either had no relationship to the government contracts or were allocated to those contracts in disproportionate amounts. Further, the government alleged that the contractor failed to disclose to the government the method by which it accounted for costs supporting its commercial and international businesses. As a result, the contractor was alleged to have obtained reimbursement from the government for the costs of non-governmental activities that provided no benefit to the government.
- A government contractor agreed to pay \$21.8 million to resolve allegations that in contract proposals for equipment provided to the military, the contractor included the cost of certain items, such as nuts and bolts, twice.
- A federal contractor agreed to pay \$8.1 million to resolve allegations that it submitted false claims and made false statements in connection with U.S. Navy contracts to manufacture a military aircraft. The government alleged that the contractor failed to comply with certain contractual manufacturing specifications in fabricating composite components for the aircraft, including failing to perform monthly testing on autoclaves used in the composite cure process.

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