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WASHINGTON (AP) — Boeing Co. agreed Thursday to pay the U.S. government \$25 million to settle claims the company did defective work on critical military refueling planes in Iraq and Afghanistan.

The settlement arose out of a whistle-blower lawsuit filed in Texas by two former Boeing workers who will now receive \$2.6 million for drawing attention to the issue.

The Justice Department had investigated the Chicago-based aerospace giant for allegedly defective work on the Air Force fleet of KC-10 Extenders, which are used for in-flight refueling in the Iraq and Afghanistan war theaters.

The work was done while performing maintenance on the planes at the Boeing Aerospace Support Center in San Antonio, Texas.

The government investigation found Boeing overcharged the government for installing insulation blankets by padding the estimated hours of work and charging an excessive hourly rate for labor.

In announcing the settlement, Assistant Attorney General Tony West said companies that do work for the United States "must deal honestly with the government."

Even as it agreed to fork over millions of dollars, the company still insisted it did nothing wrong.

"Boeing disagreed with the (Justice Dept.) claims that our employees improperly installed the blankets and improperly billed the Air Force for our work," company spokesman Forrest Gossett said. He said the company decided to settle in order to "move forward" as it continues to do maintenance work on the planes.

Under terms of the settlement, Boeing will pay \$18.4 million in cash and do \$6.6 million worth of repairs.

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