

FOR IMMEDIATE RELEASE

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Northrop Grumman Systems Corporation Agrees to Pay \$5.2 Million to Settle Allegations of False Labor Charges

The Justice Department announced today that Northrop Grumman Systems Corporation (NGSC) has agreed to pay \$5.2 million to resolve its alleged False Claims Act liability for falsely billing labor under contract with the United States Postal Service (USPS). NGSC, which is headquartered in Falls Church, Virginia, provides information and technology services to commercial and government customers, including the USPS.

“Those who do business with the government must do so fairly and honestly,” said Assistant Attorney General Jody Hunt of the Department of Justice’s Civil Division. “The Department of Justice will seek appropriate remedies against government contractors who knowingly overcharge the government for their services.”

The settlement concerns the Enterprise Technology Services Contract (ETS Contract) between NGSC and USPS. The ETS Contract required NGSC to provide qualified labor and management services to augment information technology services at USPS data centers around the country. The ETS Contract began in 2009 through a predecessor entity, Northrop Grumman Information Technology Inc., which merged with NGSC in 2010.

Under the ETS Contract, NGSC billed USPS for personnel performing information and technology services using hourly rates established for each of more than 100 labor billing categories. The United States alleges that NGSC knowingly billed certain personnel working under the ETS Contract for which they did not have the education and/or experience identified by these categories.

“The U.S. Postal Service manages approximately 30,000 contract actions and spends more than \$13 billion on contracted supplies and services each fiscal year,” said Steven Stuller, Acting Special Agent in Charge, U.S. Postal Service Office of Inspector General. “The Office of Inspector General supports the Postal Service by aggressively investigating allegations of misconduct within these contracts. In

this instance, we worked hand-in-hand with the Department of Justice's Civil Division to help ensure a reasonable case-related resolution. We applaud the exceptional work by the investigative team and know it will have a positive impact on Postal Service operations.”

This matter was handled by the Civil Division’s Commercial Litigation Branch, the USPS Office of the Inspector General, and the USPS Office of General Counsel.

The claims settled by this agreement are allegations only, and there has been no determination of liability.

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