



NEWS RELEASE

Eileen M. Decker

United States Attorney
Central District of California

For Immediate Distribution

November 4, 2016

Thom Mrozek, Public Affairs Officer

thom.mrozek@usdoj.gov

(213) 894-6947

www.justice.gov/usao-cdca

@CDCANews

Aerospace Parts Manufacturer Pays \$2.7 Million to Settle Lawsuit Alleging it Failed to Perform Required Inspections on Parts

LOS ANGELES – Air Industries Corporation (AIC), a Garden Grove-based aerospace parts company, has paid the United States \$2.7 million to resolve allegations that it falsely certified it had performed required inspections on aerospace parts used in military aircraft, spacecraft and missiles used by the Department of Defense.

AIC, which manufactures and distributes bolts, screws and aerospace fasteners, paid the money on September 7, and United States District Judge James V. Selna dismissed the case on September 22. The matter was announced today after Judge Selna this week unsealed the lawsuit that led to the settlement.

The government alleged that, between June 2010 and September 2013, AIC falsely certified it had performed certain non-destructive testing on aerospace parts, including magnetic particle inspections and liquid penetrant inspections. The parts manufactured by AIC were sold to major aerospace contractors, who used the parts in the manufacture of aircraft and other equipment sold to the United States.

“Every company that does business with the United States has a duty and responsibility to honor its contracts, especially in ensuring equipment produced is safe and suitable for use,” said United States Attorney Eileen M. Decker. “The Department of Justice is committed to protecting investments made by taxpayers in contracts with private entities, especially when it comes to the purchase of equipment used in our national defense.”

Chris Hendrickson Special Agent in Charge of the Defense Criminal Investigative Service (DCIS), Western Field Office, said, “This settlement is representative of quality, uncompromising work by DCIS and the U.S. Attorney's Office to ensure the integrity of the Department of Defense procurement process by penalizing government vendors who choose profit over quality and, in some circumstances, safety. DCIS and our partners will steadfastly pursue anyone who attempts to perpetuate schemes to defraud the Department of Defense and compromise our nation's security.”

The settlement resolves allegations initially made in a “whistleblower” lawsuit filed in late 2012 by an employee of AIC. The lawsuit was filed under the *qui tam* provisions of the False Claims Act, which permit private individuals to sue on behalf of the government for false claims and to share in any recovery. The Act also allows the government to intervene and take over the action, as it did in this case. The employee who filed the *qui tam* action will receive \$621,000 of the recovered funds.

The claims resolved by the settlement are allegations and AIC did not admit liability. The whistleblower is still pursuing several employment-based claims against AIC.

The government’s investigation was conducted by the U.S. Department of Defense, Office of the Inspector General and the U.S. Attorney’s Office.

The settlement was handled by Assistant United States Attorney Brian Villarreal of the Civil Division’s Civil Fraud Section.