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***NORTHROP GRUMMAN SETTLES FRAUD CASE***  
**Will Pay U.S. \$62 Mil. After Suit Involving Stealth Bomber Pact**  
by  
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Northrop Grumman Corp. has agreed to pay the government \$62 million to resolve allegations that the California-based defense contractor submitted fraudulent bills to the Air Force and misrepresented the progress of its radar-jamming equipment, lawyers said Tuesday.

It is the largest false claims settlement negotiated by the U.S. attorney's office in the Northern District of Illinois, resolving a 15-year-old civil lawsuit filed by two former employees of a Northrop facility in Rolling Meadows.

Northrop spokesman Frank Moore said it denies all wrongdoing but settled to "allow management to focus on the company's excellent business prospects."

A \$369 million civil suit filed by Jim Holzrichter, a former auditor, and Rex Robinson, a former test engineer who has since died, alleged that Northrop managers lied to the government to obtain a \$254 million contract to build radar-jamming equipment for the company's B-2 stealth bomber.

The company also is accused of routinely submitting false contract proposals and inflating labor and material costs.

Federal trial was set for June

In 2001, the U.S. Attorney's office filed a fraud complaint under the federal False Claims Act, and the case was scheduled for trial in June.

"Government partnerships with defense contractors require honesty and candor to provide the best military equipment at the most efficient price," U.S. Attorney Patrick J. Fitzgerald said in a statement. "This settlement shows that the government will pursue its legal remedies when that trust is violated."

About 20 percent of the proceeds from the settlement, or \$12.4 million, will go to Holzrichter and Robinson's estate.

Michael Behn, lead attorney for the whistleblowers, said that "Jim Holzrichter and Rex Robinson finally have been vindicated and recognized for their courageous efforts to return millions for the taxpayers."

Had Northrop been found guilty, the damages sought by the plaintiffs could have tripled under the terms of the False Claims Act.