



THE UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT *of* PENNSYLVANIA

[U.S. Attorneys](#) » [Eastern District of Pennsylvania](#) » [News](#)

Department of Justice

U.S. Attorney's Office

Eastern District of Pennsylvania

FOR IMMEDIATE RELEASE

Thursday, August 8, 2019

Defense Contractor to Pay \$3.3M to Resolve False Claims Act Allegations

Company knowingly manufactured medical products in China and Malaysia for sale to the Departments of Defense and Veterans Affairs despite Trade Agreements Act prohibition

PHILADELPHIA – United States Attorney William M. McSwain announced that Ambu, Inc. (“Ambu”), will pay \$3.3 million to resolve False Claims Act allegations that it manufactured products in China and Malaysia for sale to United States government agencies in violation of the Trade Agreements Act (“TAA”).

The settlement resolves allegations that, between December 2011 and March 2015, Ambu, a provider of medical supplies, submitted false claims to the Defense Logistics Agency (“DLA”) and the Department of Veterans’ Affairs (“VA”) for payment relating to Ambu’s sales of medical supplies. The Trade Agreements Act (“TAA”) requires that products sold to government agencies must come only from countries with which the United States has a trade agreement. While many countries qualify as TAA compliant countries, China and Malaysia do not. Ambu began manufacturing its products in these countries and selling them to government agencies in violation of the TAA. Indeed, over 80% of Ambu’s sales to DLA and VA under these contracts were from these non-compliant countries during the years covered by the settlement. Ambu executives certified that its products came from compliant countries despite allegedly knowing that most of the products were manufactured in non-compliant countries.

“Congress passed the Trade Agreements Act as an important part of the United States’ economic, diplomatic, and defense strategy,” said U.S. Attorney McSwain. “Contractors must follow the law and manufacture their products in TAA compliant countries, whether they like it or not. By investigating the allegations and reaching a settlement in this case, we have put all companies doing business with the United States government on notice that the TAA is an important law that must be respected.”

“The Defense Criminal Investigative Service (DCIS) is committed to protecting the integrity of the U.S. Defense Department’s (DoD) procurement process and ensuring that defense contractors comply with all applicable laws, such as the Trade Agreements Act (TAA),” stated Leigh-Alistair Barzey, Special Agent in Charge of the DCIS Northeast Field Office. “The settlement agreement announced today is the direct result of a joint effort by the DCIS, Army CID, VA-OIG and the U.S. Attorney’s Office, to guarantee that medical supplies purchased by the DoD for members of the U.S. military and their dependents are manufactured in TAA compliant countries.”

This case was a cooperative effort among the U.S. Attorney’s Office for the Eastern District of Pennsylvania, the Defense Criminal Investigative Services, the United States Army Criminal Investigation Division and the Department of Veterans Affairs Office of Inspector General. For the United States Attorney’s Office, Assistant United States Attorney Colin Cherico and Auditor Dawn Wiggins handled the investigation and settlement.

The claims resolved by the settlement are allegations only; there has been no determination of liability.

Topic(s):

False Claims Act

Component(s):

USAO - Pennsylvania, Eastern

Contact:

UNITED

STATES ATTORNEY’S OFFICE EASTERN DISTRICT OF PENNSYLVANIA Suite 1250, 615 Chestnut Street Philadelphia, PA 19106 JENNIFER CRANDALL Media Contact 215-861-8300 If you have not done so already, follow @USAO_EDPA and @USAttyMcSwain to get the most up-to-date information about big cases and community news.

Updated August 8, 2019