

THE UNITED STATES ATTORNEY'S OFFICE  
CENTRAL DISTRICT *of* CALIFORNIA

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Department of Justice

U.S. Attorney's Office

Central District of California

FOR IMMEDIATE RELEASE

Tuesday, July 16, 2019

## **ITT Cannon to Pay \$11 Million to Settle False Claims Act Allegations that It Sold Untested Electrical Connectors to the Military**

LOS ANGELES – ITT Cannon has agreed to pay the United States \$11 million to settle False Claims Act allegations that it supplied electrical connectors to the military that had not been properly tested, the Justice Department announced today. ITT sold the untested connectors both directly to the Government and through distributors and other government contractors which incorporated them into technology and equipment sold to the Government.

“Defense contractors agree to follow strict manufacturing and testing protocols to ensure that our government receives only the best equipment,” said Nick Hanna, U.S. Attorney for the Central District of California. “This multimillion dollar settlement is designed to ensure that ITT does not engage in this type of misconduct in the future, and this case should serve as a warning to any government contractor who is not completely upfront about its testing results.”

“Failure to comply with testing requirements undermines the integrity of essential government equipment and technology, and thereby reduces its durability and reliability,” said Assistant Attorney General Jody Hunt for the Department of Justice’s Civil Division. “This settlement demonstrates that we will hold contractors accountable when they fail to deliver what they were paid to deliver.”

The settlement resolves allegations that from September 2008 to March 21, 2017, ITT did not conduct the required periodic testing on six models of electrical connectors. In December 2010, the Government learned that ITT had not done this testing and ITT promised the Government that it would conduct remedial testing and report the result to the Government. Shortly thereafter, in February 2011, ITT experienced several failures in its remedial testing. ITT did not immediately disclose these failures but represented to the Government that it was merely behind in the remedial testing.

In March 2017, the Defense Logistics Agency (DLA) issued an order stopping the shipment of the six connectors. In June 2017, ITT issued six Government Industry Data Exchange Program notices (GIDEP) disclosing to industry its failure to conduct required testing, its test failures, and changes in the processes, materials, construction, sourcing and design of the connectors. DLA then removed the six ITT connectors from the Qualified Products List (QPL). The QPL lists products that have met the qualification requirements set forth in the applicable Military Specifications (Mil Specs), which are uniform engineering and technical

requirements for certain products used by the Department of Defense. DLA's removal of ITT from the QPL precluded ITT from selling parts to the military covered by the Mil Specs. Recently, ITT has requalified one of the connectors for sale to the Government.

The settlement resolves allegations filed in a lawsuit by Ralph Tatgenhorst, the former regional quality manager at ITT's Santa Ana facility, in federal court in Los Angeles, California, under the whistleblower (or "qui tam") provisions of the False Claims Act. These provisions permit private individuals to sue on behalf of the Government for false claims and to share in any recovery. Mr. Tatgenhorst will receive \$2,090,000 as his share of the settlement amount.

The settlement with ITT was the result of a coordinated effort by the Civil Division's Commercial Litigation Branch; the United States Attorney's Office for the Central District of California; the Defense Logistics Agency; the Defense Criminal Investigative Service; the Naval Criminal Investigative Service; the National Reconnaissance Office; the Office of the Inspector General for the National Aeronautics and Space Administration; the Air Force Office of Special Investigations; the Defense Contracts Audit Agency; and the United States Coast Guard Office of Inspector General. The claims resolved by the civil settlement are allegations only and there has been no determination of liability.

This matter was litigated by Assistant United States Attorney Kent A. Kawakami of the Civil Division's Civil Fraud Section and Department of Justice Senior Trial Counsel Alicia Bentley.

The lawsuit is captioned *U.S. ex rel. Tatgenhorst v. ITT Corporation, PEI/Genesis, Inc.*, No. 14-7424 JAK (C.D.Cal.).

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