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Department of Justice
U.S. Attorney's Office
Eastern District of New York

FOR IMMEDIATE RELEASE

Wednesday, September 4, 2019

Long Island Aerospace and Defense Contractor Agrees to Repay \$2.6 Million in Overbillings to the United States

Arkwin Industries, Inc., a Westbury, New York-based corporation, has agreed to pay a \$2.6 million settlement to the United States, after self-disclosing its overbilling of the government and its prime contractors.

Richard P. Donoghue, United States Attorney for the Eastern District of New York, Leigh-Alistair Barzey, Special Agent-in-Charge, Defense Criminal Investigative Service, Northeast Field Office (DCIS), and Jason T. Hein, Special Agent-in-Charge, Air Force Office of Special Investigations, Office of Procurement Fraud Investigations (AFOSI), announced the settlement.

"This resolution demonstrates how government contractors and suppliers should act when they discover overbilling – Arkwin notified the authorities, investigated the error, reported its findings to the United States and ultimately took responsibility for its mistakes," stated United States Attorney Donoghue. "When a government contractor self-discloses billing errors and cooperates in the government's investigation, our Office will work with them to arrive at a fair and just resolution."

"Today's settlement is the result of a joint effort to ensure that the U.S. Department of Defense (DoD) expends only the necessary amount for the goods and services needed to supply our military," stated DCIS Special Agent-in-Charge Barzey. "Arkwin's cooperation in this matter was an important part of the successful and equitable resolution of this matter. The DCIS is committed to working with its law enforcement partners and the U.S. Attorney's Office, Eastern District of New York, to protect the integrity of the DoD's procurement system."

"The Air Force Office of Special Investigations is committed to protecting the USAF and the American taxpayer from contractors and subcontractors who overcharge the government for products or services," stated AFOSI Special Agent-in-Charge Hein.

Arkwin Industries designs, tests and manufactures precision hydraulic and fuel system components for civil and military fixed-wing aircraft, helicopters, spacecraft, turbine engines and other special applications. Arkwin acts both as a prime contractor and as a subcontractor to the Department of Defense, the Department of the Air Force and the Department of the Navy.

Arkwin detected an error in its accounting systems that had double-counted worker hours spent performing inspections of its products. Arkwin then self-disclosed the discovery to the United States, and undertook an internal investigation by outside counsel and a forensic accounting team. After concluding its investigation, Arkwin reported its findings to the United States.

After receiving Arkwin's findings, the United States Attorney's Office, with the support of DCIS and AFOSI, independently investigated the nature and extent of the overbilling, including whether the overbilling had been intentional or accidental. Arkwin cooperated fully throughout the investigation, providing documents, making witnesses available for interviews and responding to government inquiries. Following a thorough investigation, the Office found that the overbilling was accidental and negotiated the resolution. The \$2.6 million settlement represents the total of potential overbilling, with interest.

The government's case was handled by Assistant United States Attorney John Vagelatos.

Topic(s):

False Claims Act

Component(s):

USAO - New York, Eastern

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