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Southern District of California

FOR IMMEDIATE RELEASE

Thursday, April 29, 2021

Tungsten Heavy Powder of San Diego Agrees to Pay \$5.6 Million to Settle False Claims Act Allegations

Assistant U. S. Attorneys Joseph Purcell (619) 546-7643 and Paul Starita (619) 546-7701

NEWS RELEASE SUMMARY – April 29, 2021

SAN DIEGO – Tungsten Heavy Powder, Inc. (THP) has agreed to pay \$5,641,114 to resolve allegations that it violated the False Claims Act by falsely certifying that it sourced product materials in the United States for items it manufactured under a contract with the government of Israel that was funded by the U.S. Defense Security Cooperation Agreement Agency (DSCA). THP is a San Diego-based company that manufactures and supplies tungsten products, including those used in U.S. military applications and munitions. THP provided weapons systems manufacturing articles and services to United States Department of Defense agencies and to the Government of Israel.

The United States contended that THP knowingly submitted false certifications to the United States regarding the origin and manufacture of defense articles procured by the government of Israel that were financed with United States' grant funds paid by the Foreign Military Financing (FMF) program through the DSCA. Specifically, it is alleged that THP submitted false certifications pertaining to seven government of Israel purchase orders. With respect to these procurements, the United States alleged that THP falsely certified that tungsten that was actually sourced in China had been sourced, instead, in the United States. The United States contended that THP also falsely certified that manufacturing occurred in the United States, when in fact THP contracted with a Mexican maquiladora.

In order to promote American manufacturing, grant funds for foreign procurements are only available when the materials are sourced and manufactured in the United States by domestic companies.

“As always, we are committed to preserving the integrity of the government contracting process and to ensuring that funds fraudulently obtained are returned to the public fisc,” said Randy S. Grossman, Acting United States Attorney for the Southern District of California. Grossman praised Assistant U.S. Attorneys Paul Starita and Joseph Purcell for their excellent work on this case.

Defense Criminal Investigative Service (DCIS) Special Agent in Charge Bryan Denny, Western Field Office, stated “The DCIS is committed to working with our law enforcement partners and the Department of Justice to combat those who attempt to take advantage of the military’s procurement system. Each instance of fraud or corruption has the potential to harm the military’s mission or those who serve, and needlessly wastes taxpayer money.”

The False Claims Act allegations being resolved were originally brought in a lawsuit filed by a former employee of THP, Gregory Caputo, and Global Tungsten & Powders Corporation under the *qui tam*, or whistleblower, provisions of the False Claims Act, which allow private citizens with knowledge of fraud against the government to bring suit on behalf of the government and to share in any recovery. Mr. Caputo and Global Tungsten & Powders Corporation will receive seventeen percent of the settlement proceeds.

This case is captioned *United States, ex rel. Gregory Caputo and Global Tungsten & Powders Corporation v. Tungsten Heavy Powder, Inc., d/b/a Tungsten Heavy Powder & Parts, Inc.*, Case No. 18-cv-2352-W (WVG). This matter was investigated by Assistant U.S. Attorneys Joseph Purcell and Paul Starita of the Affirmative Civil Enforcement Unit of the U.S. Attorney’s Office, in coordination with Special Agents of the Defense Criminal Investigative Service and U.S. Army Criminal Investigation Division Command, and personnel from the Defense Security Cooperation Agency.

Defendant

Tungsten Heavy Powder, Inc.

San Diego, CA

Agencies

Defense Criminal Investigative Service

U.S. Army Criminal Investigation Division Command

Defense Security Cooperation Agency

Topic(s):

False Claims Act

Component(s):

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