



Department of Justice

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**CONAX FLORDIA CORP. SETTLES ALLEGATIONS IT PROVIDED IMPROPERLY TESTED
EQUIPMENT AND NON-CONFORMING
ELECTRONIC PARTS FOR USE BY THE MILITARY AND NASA**

WASHINGTON – Conax Florida Corp. and related companies have agreed to resolve allegations under the False Claims Act that the company submitted false claims to the government for improperly tested inertia reels and non-conforming voltage references, the Justice Department announced today. Inertia reels are part of a system designed to secure aircrew members in the event of a crash. On impact, inertia reels lock in place harnesses worn by aircrew members, preventing injury. Voltage references are electronic parts used in water-activated parachute releases. Both devices are used by the U.S. military and NASA.

“Our military deserves equipment that is properly built and tested, and meets specifications designed to ensure their safety,” said Stuart F. Delery, Assistant Attorney General for the Civil Division. “The Department of Justice will vigorously pursue cases where contractors provide improperly tested or deficient equipment to American military service members.”

“The settlement of the Conax case reflects our commitment to hold defense contractors accountable for delivering exactly what they are paid to deliver,” said Carter Stewart, U.S. Attorney for the Southern District of Ohio. “We will continue to pursue aggressively all allegations of misconduct in the procurement process.”

The government alleged that the inertia reels were not tested in accordance with contractual requirements and that Conax used non-conforming voltage references. The voltage reference is an integral part of the water-activated parachute release, designed to protect unconscious or injured aircrew members who parachute into salt water. These devices are intended to automatically separate parachutes from aircrew members when they are physically

unable to do so. If parachutes are not released, they may fill with water and drag aircrew members underwater.

“The Defense Criminal Investigative Service is dedicated to ensuring that the Pentagon’s procurement programs provide safe, high-quality materials to support America’s Warfighters, especially when it comes to critical life-saving equipment used by military aircrews,” said John F. Khin, Special Agent in Charge, DCIS-Southeast Field Office.

“This settlement demonstrates that joint investigations with other law enforcement partners are a highly effective resource to combat fraud and preserve the integrity of vital Defense and federal procurement programs,” added Jeff Arsenault, Special Agent in Charge, DCIS-Central Field Office.

“This effort underscores the important role fraud detection plays in ensuring the safety of both air and space flight operations. I commend the outstanding investigative efforts of the NASA and DCIS agents and the work of USAO for the Southern District of Ohio and the Commercial Litigation Branch of the Justice Department’s Civil Division in reaching this agreement,” said NASA Inspector General Paul K. Martin.

Under the settlement announced today, Conax has paid \$2 million to the government. In addition, Conax has reached an agreement with the Defense Logistics Agency to provide the government with 4,969 new electronic parts for use with parachute releases, which are worth up to \$2.4 million.

The civil settlement resolves a lawsuit filed under the whistleblower provision of the False Claims Act, which permits private parties to file suit on behalf of the government for false claims and obtain a portion of the government’s recovery. The civil lawsuit was filed in the Southern District of Ohio by two former employees of Conax, Mark Hansson and Steven Schummer, who together will receive up to a total of \$810,478.

The settlement with Conax was the result of a coordinated effort among the U.S. Attorney’s Office for the Southern District of Ohio, the Commercial Litigation Branch of the Justice Department’s Civil Division, the Defense Criminal Investigative Service and NASA’s Office of the Inspector General. The claims resolved by this settlement are allegations only, and there has been no determination of liability.

The lawsuit is captioned *United States ex rel. Mark Hansson and Steven Schummer v. Conax Florida Corporation*.

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