

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Monday, February 29, 2016

Lockheed Martin Agrees to Pay \$5 Million to Settle Alleged Violations of the False Claims Act and the Resource Conservation and Recovery Act

Lockheed Martin Corporation and subsidiaries Lockheed Martin Energy Systems and Lockheed Martin Utility Services (collectively, Lockheed Martin) have agreed to pay the United States \$5 million to resolve allegations that they violated the Resource Conservation and Recovery Act (RCRA) and, in misrepresenting their compliance with RCRA to the Department of Energy (DOE), knowingly submitted false claims for payment under their contracts with DOE to operate the Paducah Gaseous Diffusion Plant in Paducah, Kentucky, the Justice Department announced today. Headquartered in Bethesda, Maryland, Lockheed Martin is a global security, aerospace, and information technology company that provides energy, environmental, and other services to government and commercial customers.

“We depend on the private sector to provide services critical to the government’s energy needs and to provide those services by means that are environmentally sound,” said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department’s Civil Division. “As the settlement announced today demonstrates, the department will vigorously pursue all appropriate remedies to ensure that those who provide these vital services do so honestly and safely and in accordance with the law.”

“This settlement reflects our commitment to pursuing companies that violate the hazardous waste laws, and to securing a fair recovery of civil penalties for the people of the United States,” said Assistant Attorney General John Cruden, head of the Justice Department’s Environment and Natural Resources Division. “The \$1 million in RCRA civil penalties that the defendants are paying under this settlement is significant and is appropriate for the violations the United States has alleged.”

The government’s lawsuit alleged that Lockheed Martin violated RCRA, the statute that establishes how hazardous wastes must be managed, by failing to identify and report hazardous waste produced and stored at the facility, and failing to properly handle and dispose of the waste. The government further alleged that this conduct resulted in false claims for payment under Lockheed Martin’s contracts with the Department of Energy.

Of the \$5 million settlement amount, Lockheed Martin will pay \$4 million to resolve the government’s False Claims Act allegations and its subsidiaries (Lockheed Martin Energy Systems and Lockheed Martin Utility Services) will each pay \$500,000 – \$1 million total – in RCRA civil penalties.

“Government contractors are required to follow the same federal laws that apply to everyone else,” said U.S. Attorney John E. Kuhn, Jr. for the Western District of Kentucky. “These companies do not get a pass on compliance, especially when their responsibilities include managing and disposing of hazardous waste. Today’s settlement should serve as a reminder that my office and the Department of Justice will pursue all credible allegations of false claims and of environmental regulatory violations.”

“Managing hazardous waste is important, and this case makes clear EPA’s commitment to upholding laws that protect communities where waste is disposed,” said EPA Regional Administrator Heather McTeer Toney of EPA Region 4, the Southeast region.

Lockheed Martin operated the Paducah Gaseous Diffusion Plant under contracts with the Department of Energy and a government corporation, the U.S. Enrichment Corporation, from 1984 to 1999. During that time, Lockheed Martin was responsible for the facility’s uranium enrichment operations. Enriching uranium increases the proportion of uranium atoms that can be used to produce nuclear fuel for weapons and civilian energy production. As the name of the plant suggests, the process used was called “gaseous diffusion.”

In addition to uranium enrichment, Lockheed Martin was responsible for environmental restoration, waste management, and custodial care at the site, which occupies 3,500 acres in McCracken County, Kentucky. Uranium enrichment operations ceased at the plant in 2013. The government is working with other contractors to remediate contamination at and near the site consistent with the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

The settlement resolves two lawsuits filed under the *qui tam*, or whistleblower, provision of the False Claims Act, which permits private parties to file suit on behalf of the United States for false claims and obtain a portion of the government’s recovery. The lawsuits were filed by the Natural Resources Defense Council, Inc. and several former employees of Lockheed Martin who worked at the Paducah facility. The United States partially intervened in the lawsuits, which were then consolidated into one action. The whistleblowers will collectively receive \$920,000 from the United States’ portion of the settlement.

The case was a coordinated effort of the U.S. Attorney’s Office for the Western District of Kentucky, the Civil Division’s Commercial Litigation Branch, the Environment and Natural Resources Division’s Environmental Enforcement Section, the U.S. Environmental Protection Agency, the Department of Energy, and the Department of Energy Office of Inspector General.

The case is captioned *United States, ex rel. John David Tillson, Natural Resources Defense Council, Inc., et al. v. Lockheed Martin Corp., et al.*, Civil Action No. 5:99CV00170-GNS (W.D. Ky.). The claims resolved by this settlement are allegations only; there has been no determination of liability.

16-226
Environment
Environmental Crimes

Civil Division
Environment and Natural Resources Division

Updated February 29, 2016