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Central District of California

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 Release No. 08-156

December 18, 2008

**DEFENSE CONTRACTOR AGREES TO PAY \$825,000 TO RESOLVE
 ALLEGATIONS IT BILLED THE AIR FORCE FOR UNALLOWABLE
 EXECUTIVE COMPENSATION**

Teledyne Reynolds, Inc. (TRI), a Los Angeles-based manufacturer of high-voltage connectors and cable products, has agreed to pay the government \$825,000 to settle civil allegations that it fraudulently overbilled the Air Force.

The settlement resolves allegations voluntarily disclosed by TRI through the Department of Defense's Voluntary Disclosure program. TRI disclosed that, from 1999 through 2004, it had billed the Air Force for unallowable "senior executive compensation" costs in excess of the limits set by the United States. The Federal Acquisition Regulations limit the amount of senior executive compensation that can be charged as a cost to government contracts. By billing for executive compensation above those limits, TRI received payments from the Air Force to which it was not entitled.

The unallowable costs were charged when the company was known as Reynolds Industries, Inc. The name was changed to TRI in connection with its acquisition by Teledyne Technologies in 2004.

TRI agreed to the settlement without admitting any wrongdoing. The settlement represents approximately twice the government's loss.

The settlement was negotiated by the United States Attorney's Office for the Central District of California. The case was investigated by the Defense Contract Audit Agency, and the Defense Criminal Investigative Service.

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