



Department of Justice

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APL Ltd. to Pay U.S. \$26.3 Million to Resolve Fraud Allegations for Inflated Shipping Costs to Military in Iraq and Afghanistan

WASHINGTON – APL Limited has agreed to pay the government \$26.3 million to resolve allegations that it submitted false claims to the United States in connection with contracts to transport cargo in shipping containers to support U.S. troops in Iraq and Afghanistan, the Justice Department announced today. The government alleges that APL, a wholly-owned American subsidiary of Singapore-based Neptune Orient Lines Limited, knowingly overcharged and double-billed the Department of Defense to transport thousands of containers from ports to inland delivery destinations in Iraq and Afghanistan.

The government alleges that APL inflated its invoices in several ways. For example, APL billed in excess of the rate it paid to plug refrigerated containers holding perishable cargo into a source of electricity at a port in Karachi, Pakistan; billed in excess of the contractual rate to maintain the operation of refrigerated containers at a port in Karachi and at U.S. military bases in Afghanistan; and billed for various non-reimbursable services performed by APL's subcontractor at a Kuwaiti port.

"Today's settlement demonstrates our commitment to ensure that contractors doing business with the military in Iraq and Afghanistan perform their contracts ethically, and that taxpayer funds are not misused," said Acting Assistant Attorney General Michael F. Hertz of the Justice Department's Civil Division.

The settlement resolves allegations against APL that were filed in San Francisco, Calif., by Jerry H. Brown II, an employee of the company. The lawsuit was filed under the *qui tam* or whistleblower provisions of the federal False Claims Act, which permit private individuals called "relators" to bring lawsuits on behalf of the United States and receive a portion of the proceeds of a settlement or judgment awarded against a defendant. The relator in this action will receive \$5.2 million as his statutory share of the proceeds of this settlement.

"The prosecution of this lawsuit and this settlement demonstrate the importance of the Federal Civil False Claims Act in, on the one hand, rewarding "whistle blowers" who have valuable credible information about fraud waste and abuse and the courage to bring that information to the attention of the Department of Justice and, on the other, allowing the government to conduct a thorough investigation of the allegations, usually without first having to disclose that an investigation is underway,

thereby achieving the maximum recovery possible in an efficient and cost-effective way," said Joseph P. Russoniello, U.S. Attorney for the Northern District of California.

The settlement with APL was the result of a coordinated effort among the Commercial Litigation Branch of the Justice Department's Civil Division; the U.S. Attorney's Office for the Northern District of California, Affirmative Civil Enforcement Unit; the Defense Criminal Investigative Service of the Department of Defense; the Army's Criminal Investigation Command; and the Defense Contract Audit Agency of the Department of Defense.

"The Defense Criminal Investigative Service (DCIS) is thoroughly committed to pursuing any and all allegations of fraud that drain precious resources from America's war fighters, said Sharon Woods, Director, DCIS. "This particular fraud was directly related to the supply lines supporting our brave soldiers, sailors, airmen, marines and U.S. civilians in Iraq and Afghanistan. The settlement with APL was only made possible by the hard work of the prosecutors from the Department of Justice and agents from the DCIS/Army Criminal Investigation Command with support from auditors of the Defense Contract Audit Agency."

"The fighting men and women of America who serve in our Armed Forces today are putting their lives on the line for this country. Allegations that someone would attempt to illegally profit from this situation will be aggressively investigated," said Brigadier General Rodney Johnson, the commanding general of the U.S. Army Criminal Investigation Command. "We will do everything in our investigative power to ensure our Special Agents are aggressively pursuing allegations of this nature and helping to hold those responsible accountable."

Assistant U.S. Attorney Steven J. Saltiel handled the matter on behalf of the U.S. Attorney's Office, with the assistance of Legal Assistant Kathy Terry, together with Civil Division attorney Andrew A. Steinberg.

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