



Department of Justice

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DEFENSE CONTRACTOR ARMORSOURCE LLC AGREES TO PAY \$3 MILLION TO SETTLE FALSE CLAIMS ACT ALLEGATIONS

WASHINGTON – ArmorSource, LLC has agreed to pay \$3 million to resolve False Claims Act allegations in connection with a contract to provide combat helmets to the U.S. Army, the Department of Justice announced today. ArmorSource, a Delaware Limited Liability Company headquartered in Hebron, Ohio, designs, develops and manufactures ballistic helmets for military and law enforcement personnel worldwide.

In 2006, the Army contracted with ArmorSource to manufacture the Advanced Combat Helmet or ACH for use by soldiers in combat. ACH helmets are made of Kevlar, an armored material, and are worn to provide ballistic protection for the soldier. The United States alleged that from 2006 to 2009, ArmorSource delivered ACH helmets to the Army that were manufactured and tested using methods that did not conform to contract requirements and that failed to meet contract performance standards. In May 2010, the Army began recalling the helmets after several lots failed ballistic safety tests.

“The U.S. government relies on contractors to manufacture equipment that is critical to the safety of our men and women in uniform, and equipment that fails to meet performance standards not only cheats taxpayers, but can put lives at risk,” said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department’s Civil Division. “Today’s settlement demonstrates our commitment to ensuring our military receives products that meet its requirements and for which it has paid.”

“Today’s settlement in this important case is a reminder to all government contractors that they must deliver on their promises, especially when the safety and security of our troops is on the line,” said Special Agent in Charge Monte A. Cason of the Department of Justice Office of the Inspector General’s Dallas Field Office.

“Not conforming to contract requirements, failing to meet performance standards, and failing to pass ballistic safety tests for the helmets that protect the very heads and lives of our young men and women who serve this nation is incredibly unconscionable,” said Director Frank Robey of the U.S. Army Criminal Investigation Commands Major Procurement. “Thanks to the efforts of our special agents and our other law enforcement partners, today’s settlement is possible.”

ArmorSource subcontracted the manufacturing to Federal Prison Industries, Inc., which operates under the trade name UNICOR. This settlement resolves a lawsuit filed by whistleblowers Melessa Ponzio and Sharon Clubb, FPI employees, under the *qui tam* or whistleblower provisions of the False Claims Act. The Act permits private individuals to sue on behalf of the government those who falsely claim federal funds and to receive a share of any recovery. Ms. Ponzio and Ms. Clubb will receive \$450,000.

This settlement was the result of a coordinated effort among the Civil Division's Commercial Litigation Branch and the U.S. Attorney's Office for the Eastern District of Texas. The investigation was conducted by the Department of Justice Office of the Inspector General, the Department of Defense Office of Inspector General's Defense Criminal Investigative Service and the U.S. Army Criminal Investigation Command, Major Procurement Fraud Unit.

The case is captioned *U.S. ex rel. Ponzio, et al. v. Rabintex Industries Ltd., et al.*, Case No. 1:10-CV-588 (E.D. Tex.). The claims resolved by the settlement are allegations only; there has been no determination of liability.

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