



Department of Justice

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U.S. Joins Suit Against Lockheed & Vendor for Allegedly Mischarging the Government

WASHINGTON -- The United States has intervened in a whistleblower suit alleging millions of dollars of mischarging by Lockheed Martin Corporation; Lockheed's vendor, Tools & Metals Inc. (TMI); Todd Loftis, TMI's former president and CEO; and Linda Loehr, TMI's former officer, director and beneficial owner, the Justice Department announced today.

The suit was filed in U.S. District Court in Dallas by former TMI account executive, John Becker, and a competitor to TMI, Robert Spencer, under the qui tam or whistleblower provisions of the False Claims Act (FCA). Under those provisions, a private party, known as a whistleblower or a relator, can file an action on behalf of the United States and receive a portion of the recovery. Under FCA, the United States may recover three times the amount of its losses plus civil penalties.

On Dec. 8, 2005, Loftis pleaded guilty to one count of conspiracy to defraud the United States with false and fraudulent claims in connection with TMI's mischarging. He is currently serving a seven year sentence.

The whistleblower complaint, which preceded Loftis' plea and which the United States has now joined, alleged that Loftis through TMI, a company that sold perishable tools that Lockheed used in manufacturing, caused false claims to be submitted by Lockheed to the United States, primarily the Department of Defense from January 1998 to February 2006.

Lockheed is also alleged to be independently liable for TMI's violation of the FCA due to its reckless oversight of TMI. Lastly, the relators' complaint alleged that Loehr, the beneficial owner of TMI, recklessly failed to carry out her responsibilities as an officer and director of TMI. The United States declined to intervene in the relators' bid collusion and conspiracy claims and declined to intervene against other defendants named in the relators' complaint.

"Today's action is meant to ensure that in this era of multiple demands on government funds, the U.S. can rely on the claims for payment submitted by its defense contractors," said Peter D. Keisler, Assistant Attorney General for the Department's Civil Division.

"Government contractors are expected to take necessary steps to ensure that their claims for payment are accurate. Anything short of that is unacceptable," said Richard B. Roper, U.S. Attorney for the Northern District of Texas.

The investigation of the allegations in the complaint was conducted by the U.S. Attorney's Office for the Northern District of Texas, the Justice Department's Civil Division, the Defense Criminal Investigative Service, the Air Force Office of Special Investigations, and the Defense Contract Audit Agency.

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