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Department of Justice

U.S. Attorney's Office

Eastern District of Pennsylvania

FOR IMMEDIATE RELEASE

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Defense Contractor Agrees To Pay \$2.1 Million To Resolve Allegations Of False Claims And Overcharges

PHILADELPHIA – The United States has reached a settlement agreement with Hesco Bastion Limited (Hesco), based in Leeds, England, in which the company has agreed to pay \$2.1 million to resolve allegations of false claims and overcharges, announced United States Attorney Zane David Memeger. The allegations stem from the international transportation of blast walls that Hesco manufactured and sold to the U.S. government. Hesco is a privately held company.

Hesco contracted with the Department of Defense to provide blast walls, also known as Concertainer Units, and to ship them from England to a U.S. military base in Germany. The government and Hesco agreed that the price for the transportation of the Concertainer Units would not exceed £650 per truckload of Concertainer Units. From 2002 until 2011, Hesco transported the Concertainer Units using a third-party freight forwarder. During that period, Hesco charged the government a fixed price of £650 per truckload, while paying its transportation subcontractor less than £650 per truckload, which the government contends violated the parties' contracts.

In 2009, the government requested that Hesco provide documentation concerning the amount Hesco had been paying its transportation subcontractor for the transportation of the Concertainer Units. In response, the government alleged, Hesco knowingly provided the government false information concerning the amount that Hesco had been paying to its transportation subcontractor. The government further alleged that Hesco also knowingly misled the government by submitting 47 false invoices that were made to appear to be authentic invoices from the transportation subcontractor, and that Hesco engaged in a kickback scheme by which it received undisclosed off-invoice credits from its transportation subcontractor. The government contends that the submission of false invoices and the kickback scheme violated the False Claims Act.

The investigation was conducted by the Defense Criminal Investigative Service and the Defense Contract Audit Agency. The case was prosecuted by Assistant United States Attorneys Joel M. Sweet and Colin M. Cherico.

The claims resolved by this settlement are allegations only; there has been no determination of liability.

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