



## **NEWS RELEASE**

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For Immediate Distribution

December 8, 2010

### **NORTHROP GRUMMAN AGREES TO PAY \$5.21 MILLION TO RESOLVE FRAUD INVESTIGATION RELATED TO B-2 BOMBER**

*LOS ANGELES* – The Northrop Grumman Corporation has agreed to pay the United States \$5.21 million to settle allegations that it misled the Air Force concerning the test results of a topcoat (paint) system the aerospace company developed for the B-2 bomber program, United States Attorney André Birotte Jr. announced today.

In the settlement finalized yesterday afternoon, Northrop agreed to pay the settlement by December 21.

From 1998 to 2002, Northrop developed and implemented a special new topcoat, called the Advance Topcoat System (ATS), for the Air Force's B-2 bomber. During the development and testing of the ATS, Northrop found cohesion problems in the conductive coating of the ATS, problems which Northrop attempted to fix. However, Northrop applied the ATS to a B-2 bomber in January 2002 and allegedly failed to fully disclose the cohesion problems to the Air Force. The ATS was applied to a second B-2 bomber in June 2002.

In July 2002, during a test flight of the B-2 bomber that received the ATS in January of that year, strips of the ATS peeled off the aircraft. The ATS had to be removed from both B-2 bombers, and the original B-2 paint had to be re-applied to both aircraft.

The United States Attorney's Office in Los Angeles coordinated an investigation of Northrop for alleged violations of the federal False Claims Act. The government investigative team included agents from the Air Force Office of Special Investigations

and the Defense Criminal Investigative Service. Northrop cooperated with the investigation and will pay \$5.21 million to settle the matter without an acknowledgment of wrongdoing.

This matter falls under the umbrella of the National Procurement Fraud Initiative. In October 2006, the Deputy Attorney General announced the formation of a National Procurement Fraud Task Force designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in government contracting activity for national security and other government programs.

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Release No. 10-179