

THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT *of* ILLINOIS

Department of Justice

U.S. Attorney's Office

Southern District of Illinois

FOR IMMEDIATE RELEASE

Thursday, March 10, 2016

Shipping Companies Fined for Falsifying Records Under Defense Contract

Farrell Lines, Incorporated (Farrell) and DAMCO USA, Inc. (Damco) have paid to the United States of America three million six hundred fifty nine thousand five hundred dollars (\$3,659,500.00) in civil penalties regarding Farrell and Damco's failure to comply with certain terms of its contract with the United States Transportation Command (USTRANSCOM), the Acting United States Attorney for the Southern District of Illinois, James L. Porter, announced today.

"The determined federal investigators and the attorneys in my office will continue to strive to ensure that dollars paid from the public fund are properly accounted for and that value is received. The United States Attorney's Office stands ready to bring proper relief, either criminal or civil, whenever necessary, to make that a fact." noted Acting United States Attorney Porter.

Under Farrell's contract with USTRANSCOM, it was required to perform international door-to-door and/or port-to-port transportation services to move Department of Defense (DoD) and other Government approved cargo into and out of Afghanistan via multiple modes of transportation (air, sea, and land). Farrell subcontracted its work on the contract to its affiliate, Damco. The price of the contract was based almost exclusively on the weight of the shipments, and documented cargo weights, consisting of "weight tickets" issued by a certified commercial scale for each cargo container, needed to be included with billing invoices to the Government.

With respect to the shipments at issue in this matter, USTRANSCOM discovered that 563 weight tickets submitted by Farrell to support their billing invoices were "recreated" by Damco employees and not authentic weight tickets. Farrell and Damco were cooperative in the investigation.

This matter was investigated by the United States Army Criminal Investigation Command, Defense Criminal Investigative Service, Defense Contract Audit Agency, Naval Criminal Investigative Service, Air Force Office of

Special Investigations, and the Office of the Special Inspector General for Afghanistan Reconstruction and handled by Assistant United States Attorney Nathan D. Stump.

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