



THE UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT OF VIRGINIA

FOR IMMEDIATE RELEASE

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UPS Agrees to Pay \$25 Million to Settle Civil False Claims Act Violations

Settlement resolves allegations that UPS supplied federal customers with inaccurate delivery times and “exception codes” to deprive the customers of the ability to request “Guaranteed Service Refunds” for late overnight deliveries

ALEXANDRIA, Va. – United Parcel Service Inc. (UPS) has agreed to pay \$25 million to resolve allegations that it submitted false claims to the federal government in connection with its delivery of Next Day Air overnight packages, the Justice Department announced today. UPS is a package delivery company based in Atlanta.

UPS provides delivery services to hundreds of federal agencies through contracts with the U.S. General Services Administration (GSA) and U.S. Transportation Command, which provides support to Department of Defense agencies. Under these contracts, UPS guaranteed delivery of packages by certain specified times the following day. The settlement announced today resolves allegations that from 2004 to 2014, UPS engaged in practices that concealed its failure to comply with its delivery guarantees, thereby depriving federal customers of the ability to request refunds for the late delivery of packages. In particular, the government alleged that UPS knowingly recorded inaccurate delivery times on packages to make it appear that the packages were delivered on time, applied inapplicable “exception codes” to excuse late delivery (such as “security delay,” “customer not in,” or “business closed”), and provided inaccurate “on-time” performance data under the federal contracts.

“This conduct affected numerous federal agencies,” said Dana J. Boente, U.S. Attorney for the Eastern District of Virginia. “We place high importance on the integrity of companies that provide services to the government. Combating all manner of fraud on the government is a high priority here in the Eastern District of Virginia.”

“Protecting the federal procurement process from false claims is central to the mission of the Department of Justice,” said Principal Deputy Assistant Attorney General Benjamin C. Mizer of the Justice Department’s Civil Division. “We will continue to ensure that when federal monies are used to purchase commercial services the government receives the prices and services to which it is entitled.”

“The United States should get what it pays for, nothing less,” said Acting Inspector General Robert C. Erickson of the GSA.

The civil settlement resolves a lawsuit filed under the whistleblower provision of the False Claims Act, which permits private parties to file suit on behalf of the United States for false claims and obtain a portion of the government’s recovery. The civil lawsuit was filed in the Eastern District of Virginia by Robert K. Fulk, a former employee of UPS, who will receive \$3.75 million.

This resolution in this matter was the result of a coordinated effort between the U.S. Attorney’s Office for the Eastern District of Virginia, the GSA Office of Inspector General (OIG), the Federal Deposit Insurance Corporation OIG, the Defense Criminal Investigative Service, the Treasury Inspector General for Tax Administration, the Department of Treasury OIG, and with assistance from the Department of Veterans Affairs OIG.

Dana J. Boente, U.S. Attorney for the Eastern District of Virginia; Benjamin C. Mizer, Principal Deputy Assistant Attorney General of the Justice Department's Civil Division; Robert C. Erickson, Jr., Acting Inspector General, General Services Administration (GSA); and Fred W. Gibson, Acting Inspector General of the Federal Deposit Insurance Corporation (FDIC), Robert E. Craig, Special Agent in Charge, Defense Criminal Investigative Service, made the announcement after the case was unsealed by the U.S. District Court for the Eastern District of Virginia.

The matter was investigated by Assistant U.S. Attorneys Peter S. Hyun and Kevin Mikolashek of the Eastern District of Virginia.

The lawsuit is captioned *United States ex rel. Fulk v. United Parcel Service, Inc., et al.*, No. 1:11cv890 (E.D. Va.). The claims resolved by this settlement are allegations only, and there has been no determination of liability.

A copy of this press release may be found on the website of the [U.S. Attorney's Office](#) for the Eastern District of Virginia. Related court documents and information may be found on the website of the [District Court](#) for the Eastern District of Virginia or on [PACER](#) by searching for Case No. 1:11cv890.