



# Department of Justice

**United States Attorney Melinda Haag  
Northern District of California**

FOR IMMEDIATE  
RELEASE  
January 3, 2012  
6599

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**MAERSK LINE TO PAY US \$31.9 MILLION TO RESOLVE FALSE CLAIMS ALLEGATIONS FOR  
INFLATED SHIPPING COSTS TO MILITARY IN AFGHANISTAN AND IRAQ**

SAN FRANCISCO – Maersk Line Limited has agreed to pay the government \$31.9 million to resolve allegations that it submitted false claims to the United States in connection with contracts to transport cargo in shipping containers to support U.S. troops in Afghanistan and Iraq, United States Attorney Melinda Haag and the Justice Department announced today. The government alleges that Maersk, a wholly-owned American subsidiary of Denmark-based A.P. Moller Maersk, knowingly overcharged the Department of Defense to transport thousands of containers from ports to inland delivery destinations in Iraq and Afghanistan.

The government contends that Maersk inflated its invoices in various ways. For example, Maersk allegedly billed in excess of the contractual rate to maintain the operation of refrigerated containers holding perishable cargo at a port in Karachi, Pakistan, and at U.S. military bases in Afghanistan; allegedly billed excessive detention charges (or late fees) by failing to account for cargo transit times and a contractual grace period; allegedly billed for container delivery delays improperly attributed to the U.S. government; allegedly billed for container GPS-tracking and security services that were not provided or only partially provided; and allegedly failed to credit the government for rebates of container storage fees received by Maersk's subcontractor at a Kuwaiti port.

"Contractors that submit false claims for monies they are not owed cost the government millions of dollars every year," U.S. Attorney Haag said. "This settlement should

send a strong signal that the government is committed to safeguarding taxpayer funds by ensuring that contractors operate ethically and responsibly.”

“Our men and women in uniform overseas deserve the highest level of support provided by fair and honest contractors,” said Tony West, Assistant Attorney General for the Civil Division of the Department of Justice. “As the Justice Department’s continuing efforts to fight procurement fraud demonstrate, those who put profits over the welfare of members of our military will pay a hefty price.”

The settlement resolves allegations against Maersk that were filed in San Francisco by Jerry H. Brown II, a former industry insider. The lawsuit was filed under the *qui tam*, or whistleblower, provisions of the False Claims Act, which permit private individuals called “relators” to bring lawsuits on behalf of the United States and receive a portion of the proceeds of a settlement or judgment awarded against a defendant. The relator in this action will receive \$3.6 million as his statutory share of the proceeds of this settlement. In 2009, the United States resolved the relator’s allegations against shipping company APL Limited and its parent company for \$26.3 million.

The settlement with Maersk was the result of a coordinated effort among the Commercial Litigation Branch of the Justice Department’s Civil Division; the U.S. Attorney’s Office for the Northern District of California; the Defense Criminal Investigative Service of the Department of Defense; the Army’s Criminal Investigation Command; and the Defense Contract Audit Agency of the Department of Defense.

“Aggressively investigating any allegation of fraudulent practices, such as those taken by Maersk Line, Limited, in order to profit at the expense of the safety and welfare of America’s Warfighters – especially those serving in dangerous locations such as Iraq and Afghanistan – as well as the security of the United States, is the Department of Defense Inspector General’s and the Defense Criminal Investigative Service’s highest priority,” said James Burch, Deputy Inspector General for Investigations, Department of Defense Office of Inspector General. “The settlement with Maersk was only made possible through our partnership with the Army Criminal Investigation Command and the hard work by attorneys from the Department of Justice and auditors from the Defense Contract Audit Agency.”

“We are fully committed to tirelessly pursuing all those who knowingly submit false claims with respect to military contracts, particularly while our nation’s finest are at war,” said Major General David Quantock, the Provost Marshal General of the U.S. Army and Commanding General of the U.S. Army Criminal Investigation Command. “Our commitment is to ensure taxpayer dollars are not wasted or stolen. During the last 10 years alone, Army CID Special Agents have been instrumental in recovering and returning \$2.1 billion dollars to the Treasury and the Army from fraudulent practices involving contractors.”

Assistant U.S. Attorneys Steven J. Saltiel and Douglas Chang handled the matter on behalf of the U.S. Attorney's Office, with the assistance of Legal Assistant Kathy Terry, together with U.S. Justice Department Civil Division attorney Andrew A. Steinberg.

**Further Information:**

Case #: CV 04-4424 MEJ

A copy of this press release may be found on the U.S. Attorney's Office's website at [www.usdoj.gov/usao/can](http://www.usdoj.gov/usao/can).

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at [www.cand.uscourts.gov](http://www.cand.uscourts.gov).

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