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MILITARY CONTRACTOR PAYS \$600,000

**TO SETTLE FALSE CLAIMS FOR FOREIGN
MILITARY FINANCING FUNDS**

WASHINGTON, D.C. -- Telephonics Corporation has agreed to pay the United States \$800,000 to resolve charges that the company failed to disclose payments to a Greek representative in connection with two contracts financed under the government's Foreign Military Financing (FMF) program, the Justice Department announced today.

In 1992, Telephonics entered into a subcontract with the Sikorsky Aircraft Division of United Technologies Corporation to provide radar equipment for helicopters supplied under the aircraft firm's prime contract with the Hellenic Navy of Greece. In 1994, Telephonics entered into a separate contract with the Greek Navy to provide spare parts in support of radar equipment purchased under the subcontract.

Telephonics received FMF funds on each of the contracts. To obtain FMF funds, contractors must identify, among other things, all contingent fees paid to procure the contract. This requirement exists to help prevent secret commissions that decrease the buying power of FMF awards. Telephonics falsely certified that it paid only \$50,000 in sales commissions, when in fact it paid a Greek agent \$432,000, a violation of the federal False Claims Act.

"Defense contractors, as any other government contractor, must meet the highest standards of honesty and integrity and comply with all contracting and regulatory requirements of the programs in which they participate," said David W. Ogden, Acting Assistant Attorney General of the Civil Division.

The Department of Defense Criminal Investigative Service investigated this matter.

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