

# Ms. Meyerhofer Is on the Case

by Mr. Russ Geoffrey, Director, DCMA Contract Integrity Center

It was a dark and stormy night. Rain pelted the window as Ms. Ingrid Meyerhofer started on her third cup of coffee – black, extra strong – and pored over the reports submitted by Lockheed Martin’s “Skunk Works.”<sup>1</sup> Sitting at her cramped and document-filled desk, straining under the poor illumination of the standard Lockheed-issued 25 watt light, Ingrid poured another couple of drops of Visine into her eyes and returned to the task. Suddenly, as she reviewed a footnote on page 362 of the report, the insight struck her: Lockheed had conducted an investigation that found that L & T Seals of Galena, Kan., had supplied commercial-grade O-rings rather than military-specification O-rings on the canopy thrusters on U-2 reconnaissance aircraft. While Lockheed had taken action to recall part numbers associated with suspect O-rings on the U-2, there was no effort made to assess any possible problems on other programs or with other prime contractors. Ingrid pondered what she had discovered. Were there other nonconforming O-rings being used on other military aircraft? Were lives being put at risk? Having recently attended fraud awareness training, Ingrid knew what to do. She reached for the phone and began to dial. Pausing in mid dial, she slowly replaced the handset, quietly packed her bag, left the facility and walked out into the blustery, rain-filled night. It was only when she reached the safety

of her own home that she made a phone call to Ms. Carol Matsunaga, associate counsel for the DCMA Contract Integrity Center (CIC).

Okay, maybe it didn’t happen exactly that way, but Ingrid did call Carol, starting the process of an investigation that would eventually lead to the discovery that defective L & T Seals O-rings had impacted various other aircraft programs and caused in-flight emergencies on a C-130 cargo plane and on B-1B aircraft. Her report led to Interagency Suspension and Debarment Committee and Federal Aviation Administration safety alerts that saved not only the loss of government aircraft and parts but most likely prevented loss of life. Three individuals were sentenced to a total of 36 months in prison, seven years of probation and over \$5 million in restitution. The company and two of its principals have been debarred from doing business with the government until March 2008.

Through training and experience, Ingrid was sensitive to the fact that despite DCMA’s efforts to partner and team with contractors, there are still instances where contractors attempt to defraud the government through charging incorrect or inflated costs; providing

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**(Above)** Ms. Ingrid Meyerhofer of DCMA’s Contract Integrity Center.

**(Middle)** A B-1B Lancer. Ms. Meyerhofer’s investigations led to the discovery that defective L & T Seals O-rings had caused an in-flight emergency on a B-1B aircraft.

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nonconforming parts, components and supplies; and other schemes. She was aware that DCMA has a team of attorneys that work full time in the area of fraud remedies to help ensure that its customers receive the product that they want at a fair price. This organization is the CIC, which is organized under the DCMA General Counsel's Office.

As director, CIC, DCMA Boston, I oversee this team, which consists of a management analyst located in Boston and five other senior counsel located throughout the country: Ms. Mary Ross in Philadelphia, Pa.; Mr. Gill Bass in Atlanta, Ga.; Ms. Kay Lindbeck in St. Louis, Mo.; Mr. Joe Satagaj in Dallas, Texas; and Ms. Carol Matsunaga in Carson, Calif. This group is the DCMA point of contact for fraud remedies and acts as the liaison between investigators, prosecutors and other Department of Defense (DoD) agency counsel working towards the appropriate remedies for any report of possible fraud or other contractor irregularities. But CIC also does much more than just support these efforts.

Created in early 2000, CIC personnel know that fraud is a speed bump on the way to providing our warriors with the materials and services needed to do their jobs. As such, the CIC aggressively pursues preventative efforts such as talking with industry groups about

integrity and ethics issues, sharing best practices and ensuring that only allegations that truly indicate fraud are pursued, pushing others to completion through closure or contractual or other administrative solutions as appropriate. Recognizing, however, that fraud has occurred ever since the serpent lied to Eve, the CIC has educated DCMA personnel on indicators of fraud

through annual fraud awareness training and by publishing a quarterly newsletter, *Focus on Fraud*, which highlights current issues, reports on case results and identifies "red flags" of fraudulent activity.

The CIC currently has a caseload of over 500 active investigations and opens approximately 175 each fiscal year. When fraud is established, the CIC counsel work aggressively with investigators from DoD, the military services, some civilian agencies and U.S. Attorney's Offices throughout the country to ensure that contractors who commit fraud make restitution and are prosecuted, jailed and debarred from contracting with the government.

Visit <http://home.dcma.mil/cntr-dcmacy/newsletter.htm> to see the *Focus on Fraud* newsletters, view the sites where fraud awareness training will be conducted in the near future, find out which counsel supports your geographic area and learn about "red flags" that indicate possible fraud. Check out DCMA Instruction 4.1.3 for guidance on how to report fraud, waste and abuse, how to work with investigators and how to continue with contract management activities during a fraud investigation. Look for "FraudNet" on eTools, a quick way to report suspected fraud confidentially or anonymously.

<sup>1</sup> Nickname, dating back to the 1960s, for Lockheed Martin's Advanced Development Program division. Skunk Works is a registered trademark of the Lockheed Martin corporation.