

# APL strikes \$9.8m False Claims Act settlement

US announces civil penalty but says liner operator does not admit liability over shipments.

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APL has struck a \$9.8m settlement with the US government over allegations under the False Claims Act, the Justice Department said.

The agreement by the Singapore liner operator, a subsidiary of Neptune Orient Lines (NOL), centres on a contract to provide satellite tracking of containers shipped to Afghanistan.

APL did not admit to liability as part of the settlement, and the government's claims are only allegations.

"Today's settlement demonstrates our commitment to ensure that contractors doing business with the military perform their contracts honestly," said Principal Assistant Attorney General Benjamin Mizer, head of the Justice Department's civil division.

"We will continue to ensure that there are appropriate consequences for those who knowingly fail to live up to their bargain and misuse taxpayer funds."

The Defense Department hired APL to attach global positioning system devices to containers in Karachi, Pakistan, that were headed to US military bases in Afghanistan.

The Justice Department alleges that the liner operator giant knew that the devices either failed to transmit data or were not on the containers at all.

Prosecutors also claim that when APL did affix the technology, it only placed one device on each container instead of the two devices required by the contract.

Shipping industry prosecutions under the False Claims Act, a law enacted under Civil War-era President Abraham Lincoln to prevent fraud by government contractors, are fairly rare, says maritime lawyer Stephen Simms, a principal at Baltimore law firm Simms Showers.

Tuesday's settlement means that "in the maritime industry, as in all others, you have to make sure that you are dealing with the government with complete honesty with your contracts, and that there are no shortcuts," said Simms, a former federal prosecutor who does False Claims Act work.