

APL settles claim of overcharging military

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Oakland container shipping line APL has agreed to pay more than \$26 million to settle claims that it overcharged the U.S. military for shipping war supplies to Iraq and Afghanistan, one of the largest payouts of its kind, officials said Friday.

APL, which has been proud of its history of military contracts, was the target of a whistle-blower suit filed under seal in U.S. District Court in San Francisco in 2004.

The plaintiff, APL billing employee Jerry H. Brown II, a resident of Colorado, will receive \$5.2 million as part of the settlement reached between APL and federal prosecutors. He also will receive \$35,000 in severance pay when he leaves the company next week, as well as \$665,000 for expenses and attorney's fees, court records show.

The settlement is one of the largest of its kind in the federal government's continuing effort to combat fraud by contractors involved in the war effort, attorneys in the case said.

"We're extremely gratified that his efforts to do the right thing have been vindicated," Brown's attorney, Paul D. Scott of San Francisco, said Friday.

Brown had accused APL of overcharging the government for powering refrigerated containers holding perishable cargo at a port in Karachi, Pakistan, and maintaining similar containers at U.S. military bases in Afghanistan. His suit also alleged that even though it had already been compensated, APL billed for non-reimbursable services that were performed by an APL subcontractor at a Kuwaiti port.

Brown also alleged that APL cheated or double-billed the military for containers that were sitting idle when it wasn't the government's fault. The company also billed the government even after it was told that containers were ready to be picked up, the suit said.

"The fighting men and women of America who serve in our armed forces today are putting their lives on the line for this country. Allegations that someone would attempt to illegally profit from this situation will be aggressively investigated," Brig. Gen. Rodney Johnson, the commanding general of the U.S. Army Criminal Investigation Command, said in a statement.

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APL spokesman Mike Zampa said the settlement "doesn't constitute an admission of any liability or wrongdoing, which APL in any event denies."

APL is a wholly owned American subsidiary of Neptune Orient Lines Ltd. in Singapore. Its regional headquarters, which have been in Oakland for more than 30 years, will be moved to Arizona in the second half of this year.

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