



THE UNITED STATES ATTORNEY'S OFFICE  
WESTERN DISTRICT *of* MICHIGAN

[U.S. Attorneys](#) » [Western District of Michigan](#) » [News](#)

**Department of Justice**

U.S. Attorney's Office

Western District of Michigan

FOR IMMEDIATE RELEASE

Tuesday, November 5, 2013

## **LG Chem Michigan, Inc. To Pay Over \$1.2 Million To The United States To Settle False Claims Act Allegations**

***Government alleged that the Holland, Michigan company improperly obtained Recovery Act funds to pay employees engaged in recreational and volunteer activities***

**GRAND RAPIDS, MICHIGAN** – U.S. Attorney Patrick A. Miles, Jr., announced today that LG Chem Michigan, Inc. ("LGCMI") will pay the United States \$1,231,319 to resolve allegations, under the federal False Claims Act, that the company improperly sought and obtained federal funds to pay employees who were engaged in recreational and volunteer activities. This amount is in addition to \$842,189 that LGCMI refunded to the U.S. Department of Energy ("DOE") in January 2013 based on the same allegations. LGCMI did not admit liability as part of this settlement, and the Government did not make any concessions regarding the legitimacy of its claims.

In 2010, DOE awarded LGCMI over \$150 million in funds under the American Recovery and Reinvestment Act of 2009 to construct and operate a lithium-ion battery manufacturing plant in Holland, Michigan. The United States alleged that during the first three quarters of 2012, before LGCMI transitioned battery production from foreign sources to the Michigan plant, LGCMI submitted claims to obtain the federal share of wages and benefits paid to domestic workers who were engaged in non-work activities such as watching movies, playing games, and performing volunteer work. The United States further alleged that in response to governmental inquiries about those activities—and particularly in corporate executives' written communications to DOE and statements made during a DOE audit—LGCMI failed to fully disclose the number of employees involved in those activities, the nature and scope of those activities, and the resulting losses to the government.

U.S. Attorney Miles noted that under the federal False Claims Act, the United States can seek up to three times the damages that it sustains, plus statutory penalties, from those who submit false claims for federal funds. U.S. Attorney Miles emphasized that the manner in which LGCMI handled the unallowable costs shortly after those costs were identified factored into the Government's settlement position in this case. "Those who receive federal grant funds must deal openly and honestly with the federal government," U.S. Attorney Miles said. "This settlement should send a clear message to our corporate citizens: 'How you respond to a problem can be as significant as the problem itself.'"

Gregory H. Friedman, the DOE Inspector General, said, "Evaluating the management of Department funds received as part of the 2009 Recovery Act has been a priority of my office. We are pleased that this matter, which involved the expenditure of significant unallowable costs by LGCMI, has

been settled. I want to express my thanks to the U.S. Attorney's Office for its efforts and to the Inspector General Special Agents and auditors who pursued this matter so effectively."

This case was investigated by the DOE, Office of Inspector General, and the U.S. Attorney's Office for the Western District of Michigan. Assistant U.S. Attorney Adam B. Townshend represented the United States..

END

---

**Component(s):**

USAO - Michigan, Western

Updated April 14, 2015

AN CHI YONG  
SECRET OF KOREA